



Delaware

Statewide
Housing Needs
Assessment
2008 – 2012

Technical Document



DELAWARE STATE HOUSING AUTHORITY
Saundra R. Johnson, Director

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ABOUT THE HOUSING NEEDS ASSESSMENT

The Delaware State Housing Authority (DSHA) has prepared this *Statewide Housing Needs Assessment* to examine current and near-future needs for housing among low-income households. As defined throughout, low-income households are those with an annual income at or below 80 percent of the area median family income (MFI).

Over the next five years (from 2008 to 2012), DSHA will use the *Housing Needs Assessment* to coordinate the use of federal, state, and local resources that are available to promote the development and preservation of quality, affordable housing in Delaware.

Information from the *Housing Needs Assessment* will be used to formulate the State's *Consolidated Plan*, the Low-income Housing Tax Credit *Qualified Allocation Plan*, and DSHA's *Strategic Plan*. Local jurisdictions and other housing providers will use the information contained in the *Housing Needs Assessment* for planning and reporting purposes as well.

To assist with preparation of this document, DSHA selected the firm, Mullin & Lonergan Associates, Inc., a housing and community development consulting firm with offices in Philadelphia, Harrisburg, and Pittsburgh, Pennsylvania. The consulting team developed the information for the Housing Needs Assessment throughout the winter, spring, and summer of 2007, conducting research and interviews with housing developers, housing service providers at state agencies and non-profits, and community development and planning officials in Delaware.

The data is presented in narrative with tables to highlight key topics of interest. All the sources of data are cited in the narrative and with the tables that present the data. The Appendix of the document provides a list of abbreviations used and definitions of many of the terms.

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Prepared for the

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HOUSING NEEDS ASSESSMENT OVERVIEW

1. Delaware housing values have increased faster than inflation.
Between 1995 and 2006, median home prices in Delaware appreciated by 177 percent, the fastest rate in the nation.
2. The Delaware housing market is providing more higher-priced units than “affordable” units.
Home prices in all three counties are well over three times median household income, the common threshold of housing affordability.
3. The number of cost-burdened households in Delaware has increased significantly.
More than 18 percent of Delaware’s homeowners and 43 percent of Delaware’s renter households were cost-burdened in 2005, paying more than 30 percent of their income for housing.
4. Many cost-burdened households are active members of DE’s workforce. They are engaged in occupations critical to community stability. However, their salaries are not keeping pace with increasing housing costs.
A full-time childcare worker, preschool teacher, or retail salesperson earning their occupation’s median wage cannot afford the fair market rent for a 1-bedroom apartment anywhere in Delaware.
5. Employment growth in Delaware is fastest among lower paying industry sectors.
Two of the top three industries projected to create the most new jobs in Delaware from 2004-2014 had 2006 average annual wages of less than \$26,000.
6. Population growth in Delaware is occurring more slowly than household growth, due to changing composition of households (e.g. deferred age of marriage, increased divorce rates, and longer life expectancy).
From 2000 to 2015, the number of households in Delaware is projected to increase four percent faster than the population.

7. Household growth is expected to add over 20,000 households by 2012. Most household growth will occur at higher income levels.

Sussex and Kent Counties will both experience growth in number of households over twice that of New Castle County.

8. Preserving existing affordable housing and meeting current demand among cost-burdened households is critical.

Forecasts for future demand need to take into consideration existing households needing more affordable units, not just new household formation. Approximately 25,000 existing Delaware renter households are “at risk.” These households have extremely low incomes, pay more than 30 percent of their income towards housing costs and/or are those on assisted housing waiting lists. There is a need for at least 1,489 new affordable rental units, the majority of which are needed for households with extremely low incomes.

9. Persons who are homeless or at risk of homelessness and individuals with disabilities face diverse and critical housing needs. Often having extremely low-incomes, this segment of the population faces major affordability and accessibility challenges.

There is a need for 648 new supportive housing units and 1,000 rental subsidies to meet the housing needs of Delawareans who are chronically homeless or at risk of chronic homelessness. An individual with a disability who must rely on SSI as a main source of income cannot afford a 1-bedroom apartment anywhere in the state.

10. Mortgage defaults, the deepening subprime loan crisis, and receding availability of credit will make homeownership more difficult for middle- and low-income households.

From 2008-2012, 6,333 first-time and affordable home buyers are projected to be in the market to purchase homes. Approximately 15 percent of new construction homes will need to be affordable to these buyers.

11. Assisted rental units facing possible conversion to market rates need to be preserved.

4,604 assisted rental housing units face expiring subsidy contracts and/or use restrictions from 2008-2012. An additional 2,259 units are estimated to be in need of substantial rehabilitation. Combined, these 6,863 units are 50 percent of Delaware’s assisted housing stock.

12. Public opposition to higher density residential development is a recurring barrier to the development of affordable housing. Good

design, planning and increased public awareness are needed to overcome this barrier.

Backlash against new development can have the unfortunate consequence of stifling even well-designed, mixed-income, mixed-use and environmentally responsible projects. This is often exacerbated by persistent Not-in-My-Backyard (NIMBY) attitudes about affordable and moderately-priced housing.

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HOW THIS DOCUMENT IS ORGANIZED

The Housing Needs Assessment is grouped into three major parts, each with a number of sub-sections. Part 1 includes a comprehensive review of factors that will influence housing needs in Delaware as follows:

- Economic trends and projections including employment, income and wages, and educational attainment;
- Demographic trends and projections including total population, the age and race of persons and households, and growth dynamics over time;
- Housing trends and projections including total units, vacancies, units in structures, manufactured housing, age, tenure, values, rents;
- Development trends in each of Delaware's three counties and a review of the *Livable Delaware* land use management initiative.

Part 2 presents a more thorough analysis of housing supply and demand in the state, including a projection of growth in households and the resulting demand for housing. Part 2 is laid out as follows:

- Analysis of housing supply including owner-occupied, renter-occupied, and vacant housing;
- Analysis of housing demand, including the projected demand through 2012;
- Issues related to attaining homeownership and maintaining homeownership (including foreclosure trends);
- Planning and Redevelopment topics pertaining to housing.

Part 3 contains special study topics including a revisit of the substandard housing field study conducted in 2003. Part 3 is laid out as follows:

- Substandard housing analysis;
- Households with housing problems analysis;
- Housing needs of special population groups;

- Workforce Housing;
- Barriers to affordable housing development
- Indicators and Benchmarks.