

# Who Can Afford to Live in Delaware?



## Homeowners

	Kent	New Castle	Sussex
Median Home Price	\$165,000	\$183,000	\$255,000
Affordable Price (Low Income)	\$176,905	\$235,833	\$174,484
Gap between Median and Affordable Prices	+\$11,905	+ \$52,833	-\$80,516

## Tenants

2-Bedroom Rent (Fair Market)	\$803	\$1,075	\$744
Minimum Wage Hours of Work Required per Week	85	114	79
Affordable Monthly Rent (extremely low-income)	\$474	\$611	\$470
Gap between Fair Market and Affordable Rents	-\$329	-\$464	-\$274

(See "About Cover Statistics" on back.)



Annual Report on Housing Affordability in Delaware  
[HousingForAll.org](http://HousingForAll.org) | Delaware Housing Coalition | [WhyNIMBY.org](http://WhyNIMBY.org)



# Who Can Afford to Live in Delaware?

## Summary

### Housing Burden Among the Very Poor

- ◇ Of the 89,373 renter households in Delaware, 24,002 are severely cost-burdened, spending more than 50% of their income for housing.
- ◇ Of the severely cost-burdened renter households, 97% (23,165) have very low incomes, below 50% of area median income (AMI) and 71% (17,049) have extremely low incomes, below 30% of area median income (AMI).
- ◇ There are 23,039 extremely low-income renter households in Delaware. 74% (17,049) of extremely low-income households are severely cost-burdened.
- ◇ For every 100 extremely low-income households (those at or below 30% of the area median income), there are only 33 units affordable and available.

### Special Housing Needs

- ◇ There are 4,500 households with at least one nonelderly member with a disability with worst case housing needs and 1,600 households with an elderly member with a disability with worst case needs.
- ◇ Approximately 1,000 Delawareans annually continue to be identified as sheltered 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.
- ◇ 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.

### Renters

- ◇ The Fair Market Rent for a two-bedroom apartment ranges from a low of \$744 in Sussex County to \$803 in Kent County to a high of \$1,075 in New Castle.
- ◇ A worker in Delaware must earn \$18.65 per hour—or \$38,784 annually—to afford a modest two-bedroom apartment.
- ◇ 54% of Delaware renters can not afford a two-bedroom apartment in their county.
- ◇ In all three counties, monthly two-bedroom fair market rents far exceed (by a range of \$274 to \$464) 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 \$435 to \$766.
- ◇ 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.

### 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 2011, the median purchase price for a house in Delaware ranged from \$165,000 in Kent County to \$255,000 in Sussex.
- ◇ Median household income in Delaware ranges from \$62,600 in Sussex County to \$81,500 in New Castle.
- ◇ In Delaware in 2011, foreclosure filings dropped to 5,112 from a record high of 6,457 the year before. This was still a 356% increase from 1,434 in 2000.

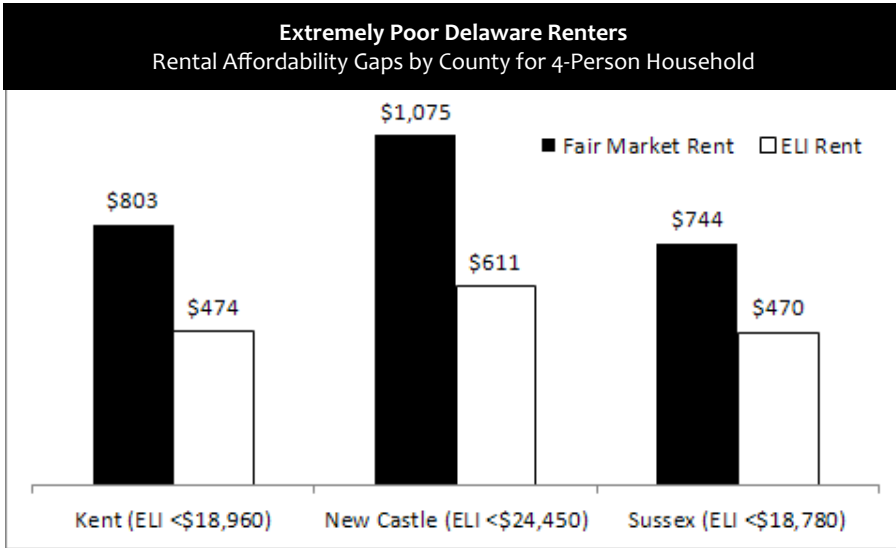
### The Economy

- ◇ Between 2006-2010, 11.0% of Delawareans lived below the poverty level which was \$23,050 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 Carry the Burden



### 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.

**Comparison of Delaware Affordable and Fair Market Rents**

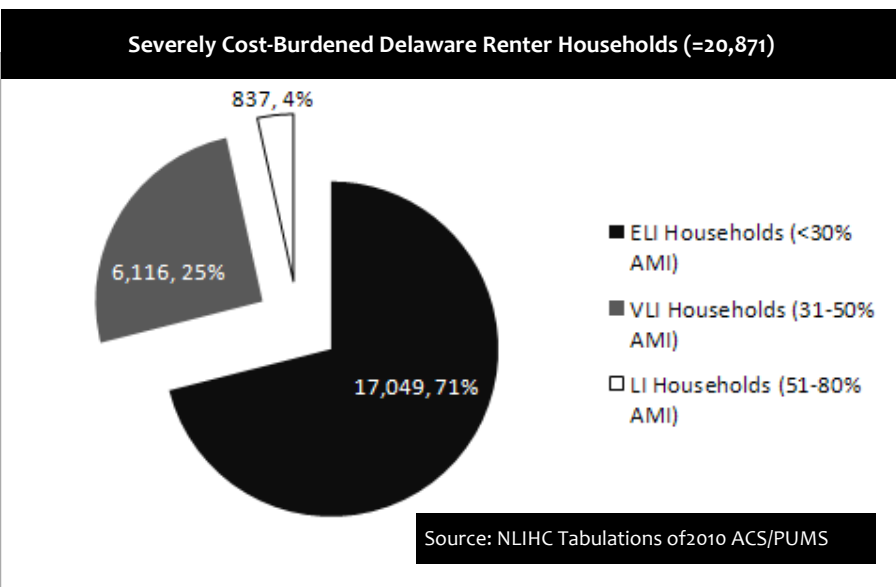
	Rent Affordable to			Fair Market Rent for		
	SSI Recipient	4-Person Household (Extremely Low-Income)	Renter Median Wage	Zero-BR	One-BR	Two-BR
Kent	\$209	\$474	\$914	\$666	\$725	\$803
New Castle	\$209	\$611	\$902	\$788	\$899	\$1,075
Sussex	\$209	\$470	\$851	\$615	\$670	\$744

Out of Reach 2012, nlihc.org

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.

### Rent Cost Burdens

The Congressional District Housing Profile for Delaware, produced by the National Low Income Housing Coalition, counts 89,373 renter households in Delaware, 24,002 of which are severely cost-burdened, spending more than 50% of their income for housing.



Of the severely cost-burdened renter households, 97% (23,165) have very low incomes, below 50% of area median income (AMI) and 71% (17,049) have extremely low incomes, below 30% of area median income (AMI).

There are 23,039 extremely low-income renter households in Delaware. 74% (17,049) of extremely low-income households are severely cost-burdened.

For every 100 extremely low-income households (those at or below 30% of the area median income), there are only 33 units affordable and available.

## Special Housing Needs:

### Homelessness

In 2007, the *Ten-Year Plan to End Chronic Homeless in Delaware* identified the need for 2003 beds across the housing continuum.

Delaware continues to have a nightly, measurable sheltered homeless population that averages 1000, with an estimated 6000 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.

### Delawareans with Disabilities

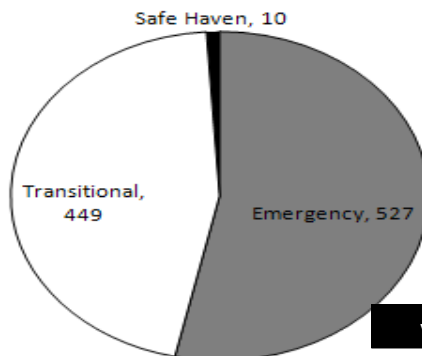
There are an estimated 108,500 people with disabilities in the State of Delaware. An additional approximately 4,600 people in Delaware live in nursing facilities and are excluded from these numbers, though many likely have disabilities. In Delaware, 11% of adults aged 18-64 and 31% of adults over 65 have a disability.

The new report, *Community and Choice* (April 2012), estimates that in Delaware there are 4,500 households with at least one nonelderly member with a disability with worst case housing needs and 1,600 households with an elderly member with a disability with worst case needs.

People with disabilities typically have lower incomes, are far more likely to be in poverty, and are more likely to need housing assistance than those with no disabilities. People with severe disabilities that interfere with their ability to work or with activities of daily or independent living are even more likely to be in poverty, an estimated 26% compared to 17% of all people with disabilities and 10% of people with no disabilities.

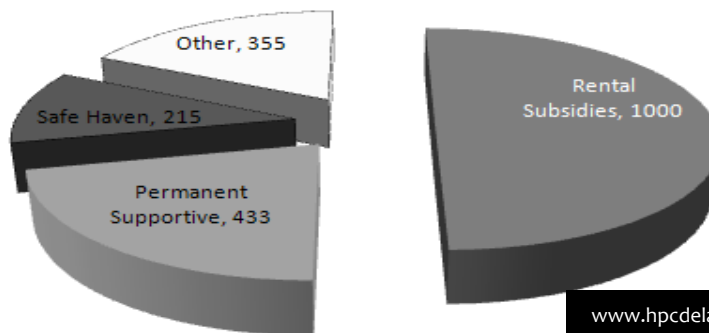
The need for accessible, affordable housing is a major barrier to people with disabilities living in the community, and these housing needs severely limit the options of people with disabilities to live in the least restrictive setting of their choice.

Point in Time Counts of Delaware Sheltered Homeless, 2012



www.hpcdelaware.org

Delaware Housing Goals - Ten-Year Plan to End Homelessness

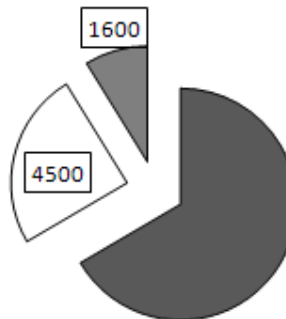


www.hpcdelaware.org

“Worst Case” Housing Needs among Delaware Households, 2010

(N=18,235)

- Other Worst Case Needs
- With at least one nonelderly member with a disability
- With an elderly member with a disability with worst case needs.



Source: “Community and Choice,” April 2012 and HUD 2009 Worst Case Needs Report to Congress

### 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

## Independence, Integration, Choice

### Elders

As the population ages – with 30% of Delaware’s population projected to be over 60 by 2040 – the number of Delawareans with disabilities and special housing needs will increase significantly.

The aging population has, in common with the other groups with these 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 faces 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%.

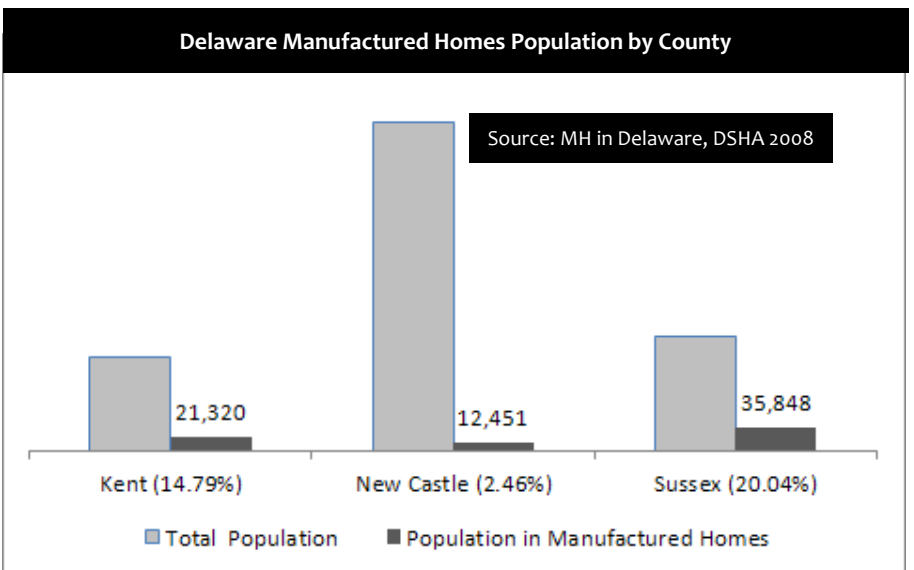
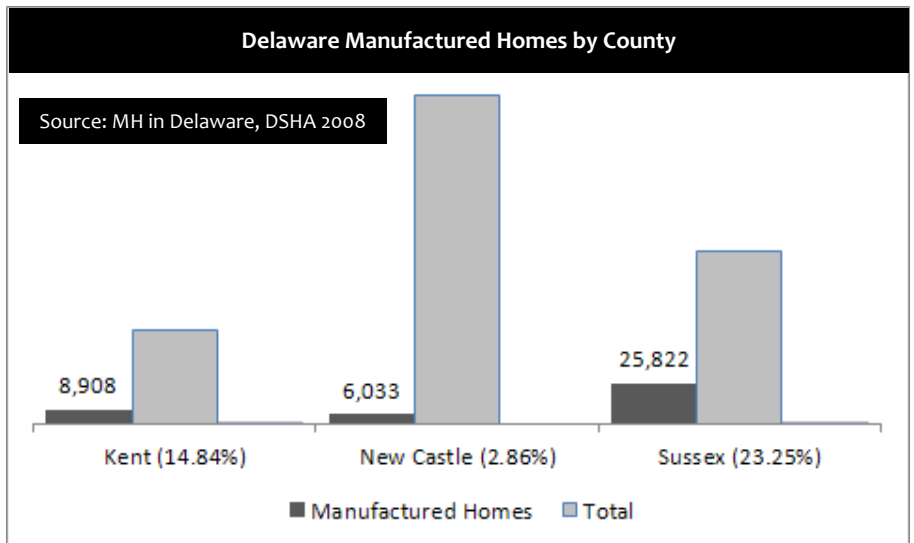
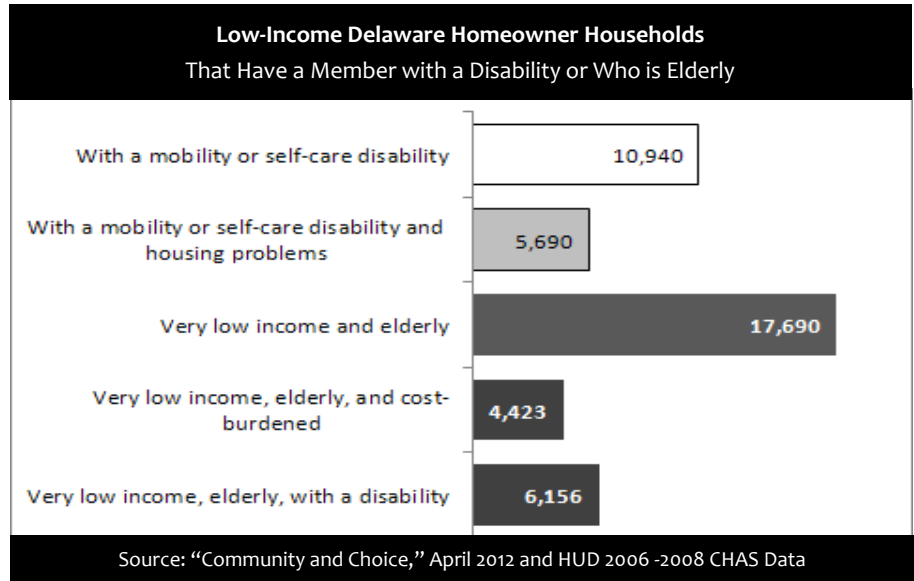
Over 15,000 very low-income elderly households (both renter and owner) have housing cost burdens above 30% of their incomes. And more than 7,500 have severe cost burdens above 50% of their income.

### Manufactured Home Owners

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

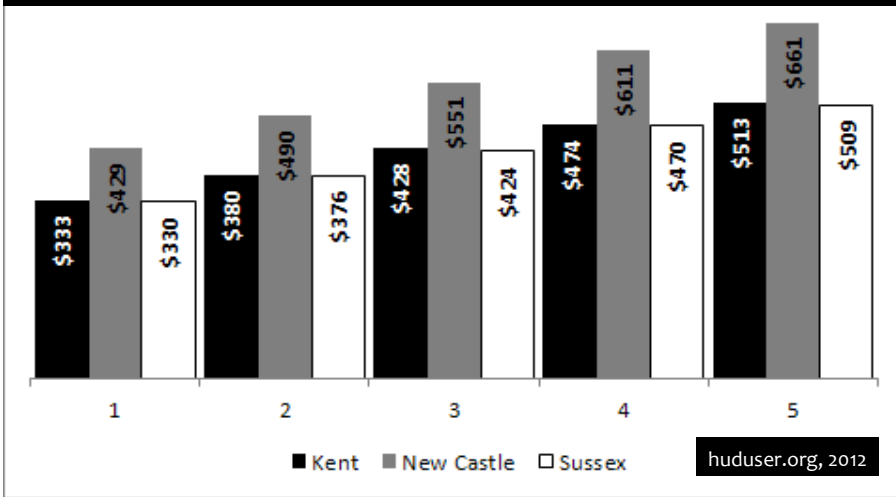
In Delaware, 50% of manufactured homeowners live on leased land, a higher rate than national estimates of 30-35%. This arrangement raises a continual question about the security of tenure and possible loss of equity that can come with sudden dislocation due to a community closure or steep lot rent hike. Investor-owned communities – regardless of how well-run or how well-intentioned the land owners, place manufactured home owners in a precarious position.

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.



## Rental Housing Affordability Gap

Rent Affordable to ELI (<30% AMI) Households by Size, 2012



### 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.

The affordability gap, and the consequent cost burden on renter households, especially the extremely poor (see page 1) is the most serious result of the present rental housing environment.

### Homeownership Rate

Among the states, Delaware has ranked very high 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%, significantly lower than the rate of 78.8% for whites. Delaware ranks 28<sup>th</sup> 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 Sussex (-\$71,699). In Kent and New Castle median home prices have recently dipped below the price affordable to low-income home seekers.

### Foreclosures

While the foreclosure rate in 2011 dropped to 5,112 from a record high of 6,457 foreclosures recorded in 2010, it continues to be much higher than the historical average of 1500-2000 (DSHA, 2010).

From 2010 to 2011, foreclosure filings in Delaware fell from 6,457 to 5,112.

However, expert observers of the housing market describe such downturns as the lull before a renewed storm for several reasons.

Recent legal action by the various states' Attorneys General, regarding foreclosure practices, is likely to have had an effect on slowing the processing of foreclosures while a settlement was being reached.

In addition, the complicated nature of the financial instruments underlying many thousands of mortgages makes execution of a foreclosure difficult, as "sliced and

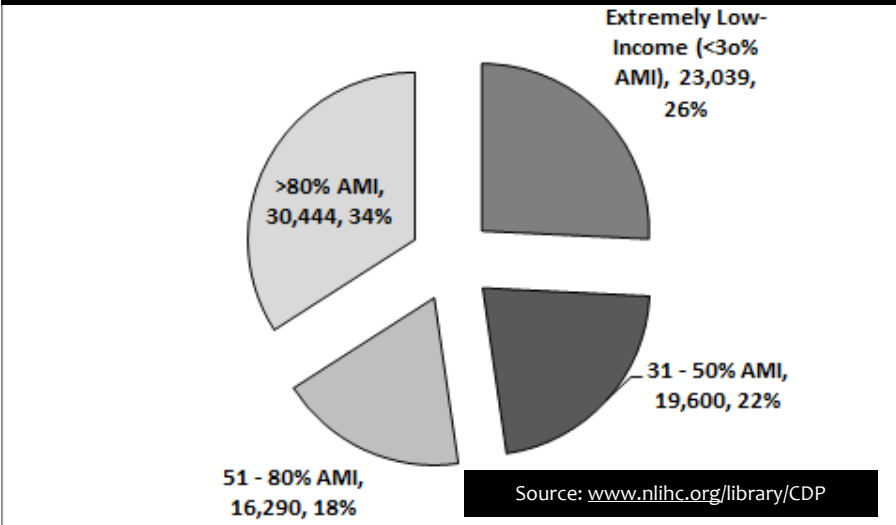
Loss of Affordable Rental Housing Units, 2000-2008

	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

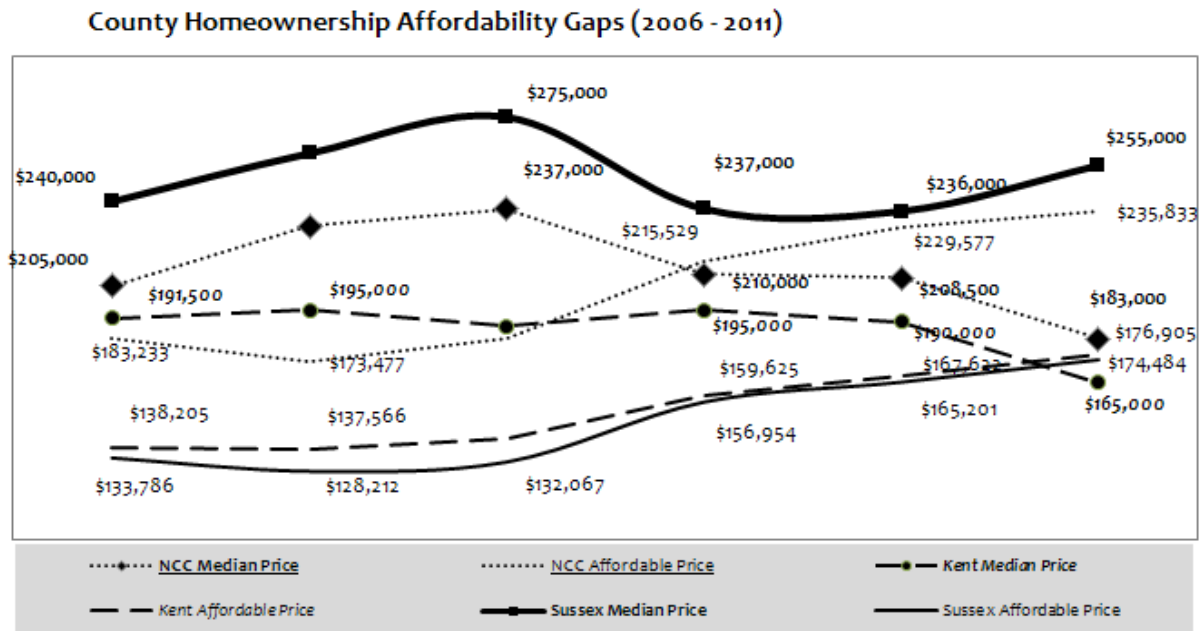
Source: Delaware State Analysis of Impediments of Fair Housing Choice; US Census Bureau, 2000, SF-3 (H52); 2008 American Community Survey (B25063)

Delaware Renter Households (=89,373) by Income



# Home Ownership and Foreclosures

Homeownership Affordability Gaps by County, 2006 - 2010



bundled" mortgages make ownership identification problematic.

Tight credit guidelines and the uncertainty of the single family home ownership market have also made mortgage companies reluctant to foreclose in greater volume on homes that cannot be resold.

Finally, the job market is still a major factor contributing to home owners facing foreclosure.

Delaware has experienced 26,000 foreclosures in the past five years, and the number of homes sold at sheriff's sales increased 35 percent from 2010 to 2011, according to a June 2012 announcement from the office of Governor Markell.

### The Role of Residential Segregation

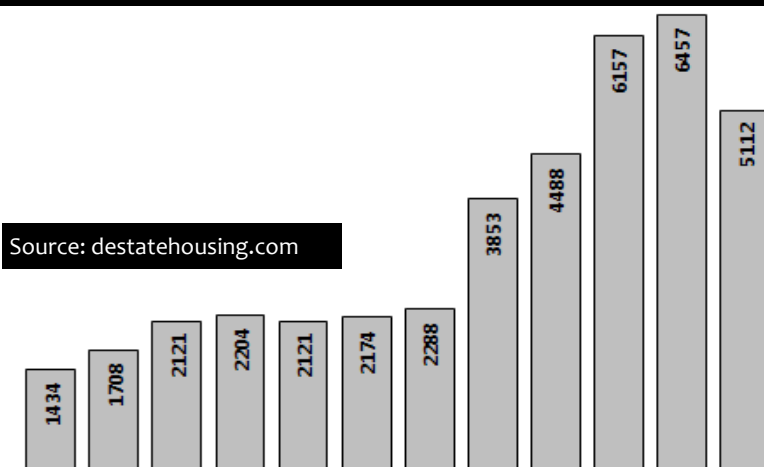
A 2011 study of the **Racial Dimensions of the Foreclosure Crisis** found residential segregation to be a powerful predictor of the number and rate of foreclosures in the nation. "Racial segregation, discriminatory lending, and an overheated housing market combined to leave minority group members and neighborhoods uniquely vulnerable to the housing bust." (Racial Dimensions, 2011).

Comparison of Median Income & Median Housing Prices 2000 & 2011

	Median Household Income		Median Housing Price		Home Price/Income Ratio	
	2000	2011	2000	(Q4) 2011	2000	2011
Kent	\$40,950	\$62,000	\$114,575	\$165,000	2.8	2.7
New Castle	\$52,514	\$80,400	\$151,600	\$183,000	2.9	2.3
Sussex	\$39,208	\$61,300	\$164,650	\$255,000	4.2	4.2

Source: Out of Reach 2012, [www.nlihc.org](http://www.nlihc.org); DSHA, <http://www.destatehousing.com/>

Delaware Foreclosure Filings, 2000 - 2011



Source: [destatehousing.com](http://destatehousing.com)

## Income, Employment, and Wealth:

### The Minimum Wage

A full-time year-round worker at the minimum wage (\$7.25/hour) cannot meet the most basic need for housing. In reality it takes working 103 hours a week (equivalent to 2.6 full-time year-round jobs) at the minimum wage in order to afford a modest two-bedroom apartment in Delaware (NLIHC, 2012).

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 2012 statewide housing wage in Delaware is \$18.65/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.

### Projected Job Growth

Of the top 10 projected job growth categories between 2008 and 2018, eight of them are in the “Low Wage” ( $\leq$  \$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 58% and 60% respectively. In Kent County 50% 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.

**Beyond the Mountaintop: King’s Prescription for Poverty** by Steven C. Pitts (UC-Berkeley Center for Labor Research and Education) and William E. Spriggs (Howard University Department of Economics) reveals that dramatic progress in addressing poverty occurred during a four-year period, 1965–1969. They attribute the gains made to a combination of factors, including new emphasis on full employment and income security, increases in the minimum wage, strong support for labor’s right to organize, and a deeper commitment to combating discrimination in the workplace.

### Number and Share of Workers Earning Less than the Housing Wage

	All Jobs*	Housing Wage	Jobs at less than the Housing Wage	
			#	%
Kent	59,070	\$15.65	22,610	50
New Castle**	318,990	\$20.67	150,950	58
Sussex	69,590	\$14.31	35,650	60

\* Includes all jobs in area, whether or not surveyed for wages

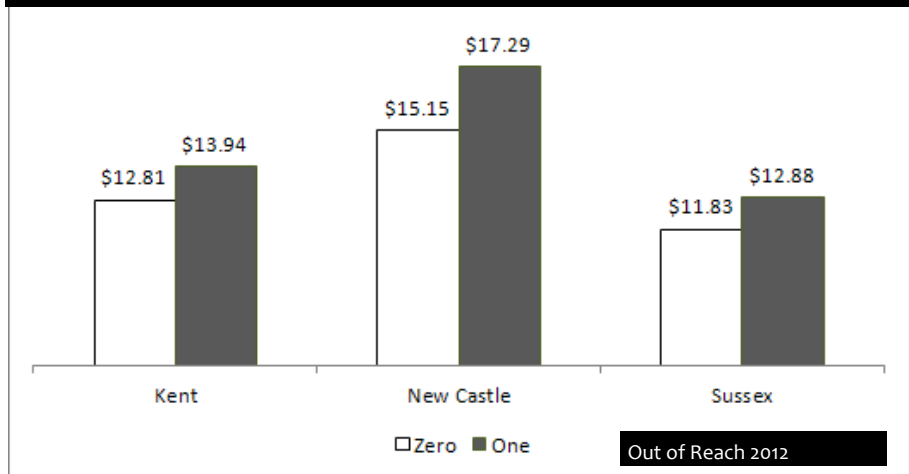
\*\*Wilmington, DE-MD-NJ Metropolitan Division Source: Delaware Wages 2011://www.delawareworks.com/ooolmi; Out Of Reach 2012 <http://nlihc.org/oor/2012/DE>

### Minimum, Median, and Housing Wages by County

	All workers	Minimum wage	Median wage	Housing wage
Kent	59,070	\$7.25	\$15.74	\$15.65
New Castle*	318,990	\$7.25	\$19.07	\$20.67
Sussex	69,590	\$7.25	\$13.66	\$14.31

Source: Delaware Wages 2011://www.delawareworks.com/ooolmi  
<http://nlihc.org/oor/2012/DE>

### Zero- and One-Bedroom Housing Wage



“In the 1960s, the three large scale structural solutions – stronger civil rights laws, higher federal minimum wages, and increased unionization – were implemented as the economy was expanding, in ways that enabled people at all income strata to benefit.” (Beyond, 2008)

### Income and Wealth

According to The State of the Nation’s Housing 2012, “Real net household wealth plummeted \$14.3 trillion from

2006 to 2011, dragged down by a 57-percent drop (\$8.2 trillion) in housing wealth.” It reports that the dive in housing values hurt low-income and minority households worst, because prices fell most dramatically in the lower end of the housing market and because home equity made up a larger share of household wealth for minority households, as the housing bust began.



## Inequality Hurts Us All

### Ninety-Nine to One

Since the mid-Twentieth Century, there has been an increasing trend toward inequality of wealth and income. This translates into diminished opportunity and well-being for the great majority.

Chuck Collins is co-founder of Wealth for the Common Good, a network of business leaders, high-income households and partners working together to promote shared prosperity and fair taxation. According to Collins:

“The richest 1 percent now owns over 36 percent of all the wealth in the United States. That’s more than the net worth of the bottom 95 percent combined. This 1 percent has pocketed almost all of the wealth gains of the last decade.

In 2010, the 1 percent earned 21 percent of all income, up from only 8 percent in mid-1970s. The 400 wealthiest individuals on the Forbes 400 list have more wealth than the bottom 150 million Americans.

These trends among the 1 percent are bad for the rest of us. Concentrated wealth translates into political clout — the power to use campaign contributions to rent politicians and tilt the rules of the economy in their favor.”

### Racial Disparities

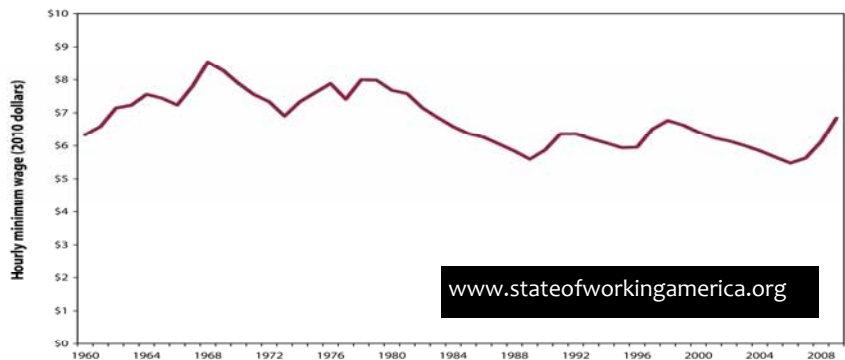
People of color have, and continue, to experience a disproportionate gap in income and wealth.

Organizations such as United for a Fair Economy (UFE) emphasize the historic and current barriers to “wealth and wealth-building strategies among communities struggling to attain greater economic equality.” Each year UFE releases a report on the “state of the dream,” in honor of Dr. Martin Luther King, Jr., that “examines the state of racial inequality in America as it relates to contemporary political issues, such as foreclosure, the austerity agenda, and unemployment.”

### The Spirit Level

Recently, the discussion of income (and wealth) inequality has been significantly broadened by new research that indicates that the effects of inequality accrue to everyone in an unequal society, not just the most disadvantaged.

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 (2011) hour/annum	Availability	Wage Category
1. Retail Sales	\$9.73/\$20,2038	E	Low
2. Cashiers	\$9.13/\$18,990	E	Low
3. Waiters/Waitresses	\$10.03/\$20,862	E	Low
4. Registered Nurses	\$34.50/\$71,760	E	High
5. Customer Service Reps	\$17.34/\$36,067	E	-Avg.
6. Servers, food prep (including fast food)	\$9.50/\$19,760	E	Low
7. Cafeteria/Counter Attendants	\$10.30/\$21,424	E	Low
8. Laborers, Freight, Stock, Material Movers	\$11.91/\$24,773	G	-Avg.
9. Stock Clerks and Order Fillers	\$10.20/\$21,216	E	Low
10. Nursing Aides, Orderlies, Attendants	\$13.32/\$27,706	E	Low

\* In descending order

Column: Job Availability Categories/Year: Poor=0;Fair 1-3;Good=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/ooolmi/Information/Publications/Delaware.aspx> (October 2010) ; Delaware Wages 2011://www.delawareworks.com/ooolmi

### The Spirit Level: Why Greater Equality

Makes Societies Stronger by Richard Wilkinson and Kate Pickett (and the companion website [www.equalitytrust.org.uk](http://www.equalitytrust.org.uk)) provides evidence on each of eleven different health and social problems: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage births, and child well-being, finding “outcomes are very substantially worse in more unequal societies” for all eleven of them.

The authors find that inequality affects the vast majority of the population - not just the poorest. Viewing the prevalence

of these problems, the author’s found that some problems are two or three times as common in more unequal societies, but others are as much as ten times as common. This means that all levels of society are suffering from these problems more in the more unequal societies.

## Housing to Strengthen Community and Build 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.

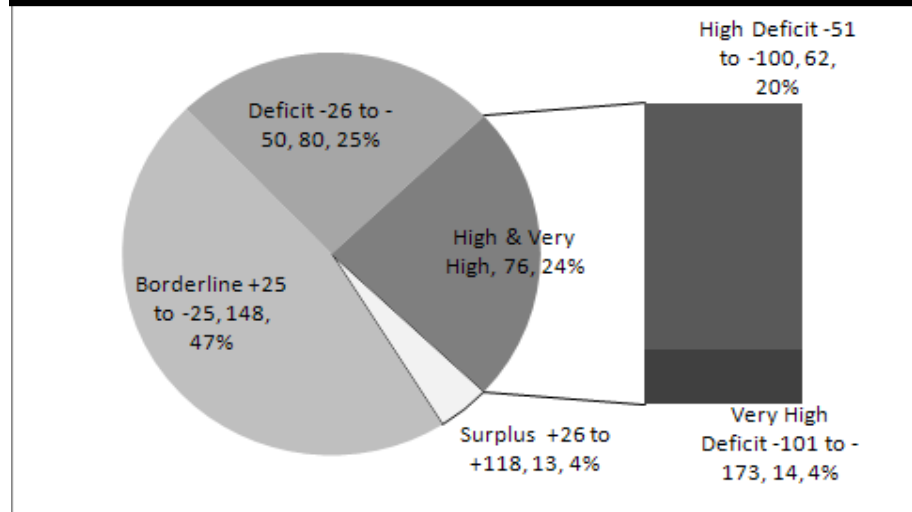
### Equitable Distribution

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.

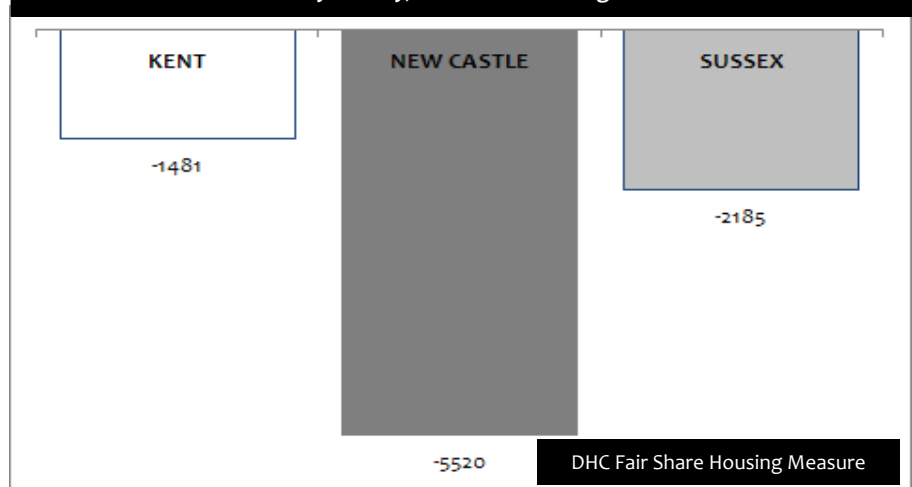
### Property Values and NIMBYism

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.

Surplus and Deficit Census Tracts, Fair Share Housing Measure



Deficits by County, Fair Share Housing Measure



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 2012

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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 2012, 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

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- Census: <http://www.census.gov/acs/www/Downloads/ACSQandA.pdf>
- Center on Budget and Policy Priorities, <http://www.cbpp.org>
- FANNIEMAE: [http://www.fanniemae.com/aboutfm/pdf/key\\_mortgage\\_terms\\_eng.pdf](http://www.fanniemae.com/aboutfm/pdf/key_mortgage_terms_eng.pdf)
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- 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](http://www.housingforall.org)  
Delaware Community Reinvestment Action Council: [www.dcrac.org](http://www.dcrac.org)  
Delaware Manufactured Home Owners Association: [www.dmhoa.org](http://www.dmhoa.org)  
Delaware State Housing Authority: [www.destatehousing.com](http://www.destatehousing.com)  
Diamond State CLT: [www.diamondstateclt.org](http://www.diamondstateclt.org)  
Homeless Planning Council: [www.hpcdelaware.org](http://www.hpcdelaware.org)  
NCALL Research: [www.ncall.org](http://www.ncall.org)  
University of Delaware: [www.udel.edu/ccrs/](http://www.udel.edu/ccrs/)  
Why NOT In My Back Yard?: [www.whynimby.org](http://www.whynimby.org)

## Delaware Housing Coalition

PO Box 1633, Dover, Delaware 19903-1633  
Phone: 302-678-2286 | Fax: 302-678-8645  
[www.housingforall.org](http://www.housingforall.org) | [www.whynimby.org](http://www.whynimby.org)



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## 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](http://www.nlihc.org/doc/AffordabilityResearchNote_2-19-08.pdf)

For an online glossary of terms, go to [www.whynimby.org](http://www.whynimby.org).