

Chapter 8: Housing

8.0 Accomplishments Since 2007

Since the adoption of the 2007 plan update, the County has worked with non-profit organizations and for-profit developers to create 32 rental units using federal housing funds. Accessory Dwelling Unit legislation passed in 2007 and has resulted in the construction of much-needed rental units. A Homeowner Incentive Program was created in 2008 and has resulted in the issuance of down payment loans and rehabilitation loans. A Housing Trust Fund was also established by ordinance in 2007.

New Castle County adopted legislation to provide for greater incentive to provide affordable “workforce” housing to low and moderate income households. By allowing greater density in exchange for a guarantee of housing units that were priced for low to moderate income families, over 75% of the New Castle County workforce would qualify for this program. In addition, requirements for transit were amended to allow greater opportunities for landowners in developing areas to request increased density through a ST rezoning. By adopting Village and Hamlet provisions, the County furthers the goals and objectives of the comprehensive plan by providing more diverse housing types and by recognizing the needs of a changing household character which is seeking less expensive, more efficient and smaller house sizes. Finally, through the adoption of legislation creating an Accessory Dwelling Unit (“ADU”) program, New Castle County has increased the supply of rental housing for a wider range of physical abilities, stages of life, and income levels.

While strides have been made to encourage affordable housing over the past several years, the debate will continue on the best methodology to provide traditional housing. New Castle County continues its outreach and education of the public to reduce concerns with regard to these issues.

8.1 Introduction

The goals of the United States Department of Housing and Urban Development (HUD) are to increase home ownership opportunities, promote decent affordable housing, strengthen communities, and ensure equal opportunities in housing. These goals trickle down through the State of Delaware and eventually become responsibilities of New Castle County as they administer land use, community development, and housing programs in the County. Since the adoption of the 2007 plan update, the housing market suffered significantly. New housing construction, as well as the sale of existing homes, stalled. Many properties were vacated as a result of foreclosures and many of these homes still remain vacant today. It is even more important today than ever to help people find decent and affordable housing.

The County Housing Strategies include:

- A more diverse market of livable housing options.

- Expanding the supply of housing types so that people who work in the County are able to live in the County.
- Encouraging homeownership by supporting programs for first time homebuyers and by targeting homeownership initiatives.

Residents throughout the County need well-designed, attractive, affordable, and convenient housing. Safeguarding the quality of neighborhoods and housing stock and encouraging a variety of housing types and costs are critical components for a thriving New Castle County. While the marketplace meets the housing needs of the dominant housing choice of County residents – the suburban single-family home – niche housing markets such as high-density urban living may need County assistance. For these reasons, New Castle County’s role in the housing market, carried out through planning and zoning, code enforcement, and administration of federal housing funds for affordable and special needs housing, is a critical component of meeting the needs of residents.

County housing policy does not exist in a vacuum, but within the context of a financially sustainable infrastructure able to provide the priceless benefit to residents of a sense of community. The County pursues housing policies which meet the population’s needs while supporting goals for infrastructure efficiency and cost containment; resource and open space preservation; redevelopment and re-use; environmental quality; and community character.

Several County departments have an impact on the County’s ability to address housing needs. The Department of Land Use is responsible for planning, zoning and code enforcement. The Department of Special Services handles County infrastructure including sewers that serve residential areas. The Department of Community Services administers federal housing funds and takes the lead in evaluating the impact of housing policies on the County’s population.

New Castle County partners with the Delaware State Housing Authority and the Federal Housing Administration (FHA), as well as non-profit agencies such as Habitat for Humanity in working to identify barriers to affordable housing and to propose changes to regulations and policies. Rental housing is fairly affordable, however there is an insufficient supply of rental housing affordable to extremely-low income households. Thirty-seven percent of the County’s housing stock was built before 1960 and there is significant need for major rehabilitation.

8.2 Housing Demographics

Housing Occupancy and Tenure

Since 2000, there has been an increase in the total number of housing units in New Castle County as shown in Table 8-1. However, mostly as a result of the housing crisis, the vacancy rate of housing units has increased 1.5%, with over 4,000 additional vacant units. As these numbers were from the 2010 Census, it is believed that there may be even more vacant units at this time.

Table 8-1: New Castle County Housing Occupancy				
	2000		2010	
	Number	Percent	Number	Percent
Total Housing Units	199,521	100	217,511	100
-Occupied Housing Units	188,935	94.7	202,651	93.2
-Vacant Housing Units	10,586	5.3	14,860	6.8
Source: U.S. Census, 2000 & 2010				

With respect to owner-occupancy and rental-occupancy, there has been a slight decrease in the percentage of owner-occupied housing units as compared to the percentage of rental-occupied housing units. This is shown in Table 8-2 and can be attributed to the housing crisis. As a goal of the U.S. Department of Housing and Urban Development, as well as New Castle County, has been to increase the percentage of homeownership, this is a subject which will need additional attention. However, as a result of the housing crisis, many homeowners lost their homes to foreclosure and are now unable to obtain financing for quite some time. As far as renters trying to become homeowners, the process and eligibility requirements have become far more difficult over the past five years.

Table 8-2: New Castle County Housing Tenure				
	2000		2010	
	Number	Percent	Number	Percent
Owner Occupied Units	132,514	70.1	141,325	69.7
-Population in owner-occupied housing units	350,685		374,045	
Renter Occupied Units	56,421	29.9	61,326	30.3
-Population in renter-occupied housing units	149,579		147,280	
Source: U.S. Census, 2000 & 2010				

In general, home values in the entire country have dropped significantly in the past several years. However, since the 2000 census, the median value of owner-occupied housing units has increased approximately 89%. Table 8-3 below shows the breakdown of the house values between the year 2000 and 2010.

Table 8-3: House Value – Owner Occupied Units 2010				
	2000		2010	
	Number	Percent	Number	Percent
Less than \$50,000	2,307	1.9	4,148	3.0
\$50,000 to \$99,999	26,161	21.9	4,617	3.3
\$100,000 to \$149,999	42,947	35.9	9,444	6.8
\$150,000 to \$199,999	24,565	20.5	21,428	15.4
\$200,000 to \$299,999	17,331	14.5	47,816	34.4
\$300,000 to \$499,999	4,828	4.0	42,782	30.7
\$500,000 to \$999,999	1,198	1.0	7,169	5.2
\$1,000,000 or more	215	0.2	1,759	1.3
Median Value	\$136,000		\$256,700	

Source: U.S. Census 2010/ note margin of error 0.4% - 1.4%

8.3 Cost Burdened Households

A household is considered to be “housing cost-burdened” when 30 percent or more of its monthly gross income is dedicated to housing. People whose housing costs exceed this threshold of affordability are likely to struggle to pay for other basic needs, forcing difficult trade-offs. Individuals and families who are cost-burdened may drop health care coverage, select less expensive child care arrangements, or skip meals to save on costs, which may result in poorer outcomes in other areas of well-being.

In New Castle County, over 50% of renters are considered to be “housing cost-burdened” and nearly 35% of owners (with mortgages) are considered to be “housing cost-burdened.” This is demonstrated in Tables 8-4 and 8-5 below. In 2000, only 31% of owners (with mortgages) were considered to be “housing cost-burdened.”

Table 8-4: Gross Rent as a Percentage of Household Income (GRAPI)		
	Number	Percent
Occupied units paying rent	57,390	-
Less than 15.0 percent	4,862	8.5%
15.0 to 19.9 percent	7,300	12.7%
20.0 to 24.9 percent	7,511	13.1%
25.0 to 29.9 percent	6,575	11.5%
30.0 to 34.9 percent	6,212	10.8%
35.0 percent or more	24,930	43.4%

Source: U.S. Census 2010/note margin of error 2.0%-3.6% (excludes units where GRAPI cannot be computed)

Table 8-5: Gross Owner Costs as a Percentage of Household Income (SMOCAP)				
	2000		2010	
	Number	Percent	Number	Percent
Occupied units paying mortgage	91,159	-	106,503	-
Less than 20.0 percent	44,247	48.5	37,605	35.3
20.0 to 24.9 percent	15,794	17.3	19,344	18.2
25.0 to 29.9 percent	10,613	11.6	13,504	12.7
30.0 to 34.9 percent	6,001	6.6	9,732	9.1
35.0 percent or more	14,179	15.6	26,318	24.7

Source: U.S. Census 2010/note margin of error 1.4%-2.4% (excludes units where SMOCAP cannot be computed)

8.4 Housing Market Considerations

The United States housing market peaked around 2005. Housing prices were steadily rising and mortgages were relatively easy to obtain. Residential construction was booming and new developments were occurring nearly everywhere as depicted in Figure 8-1 below. Unemployment was very low and there were few foreclosures.

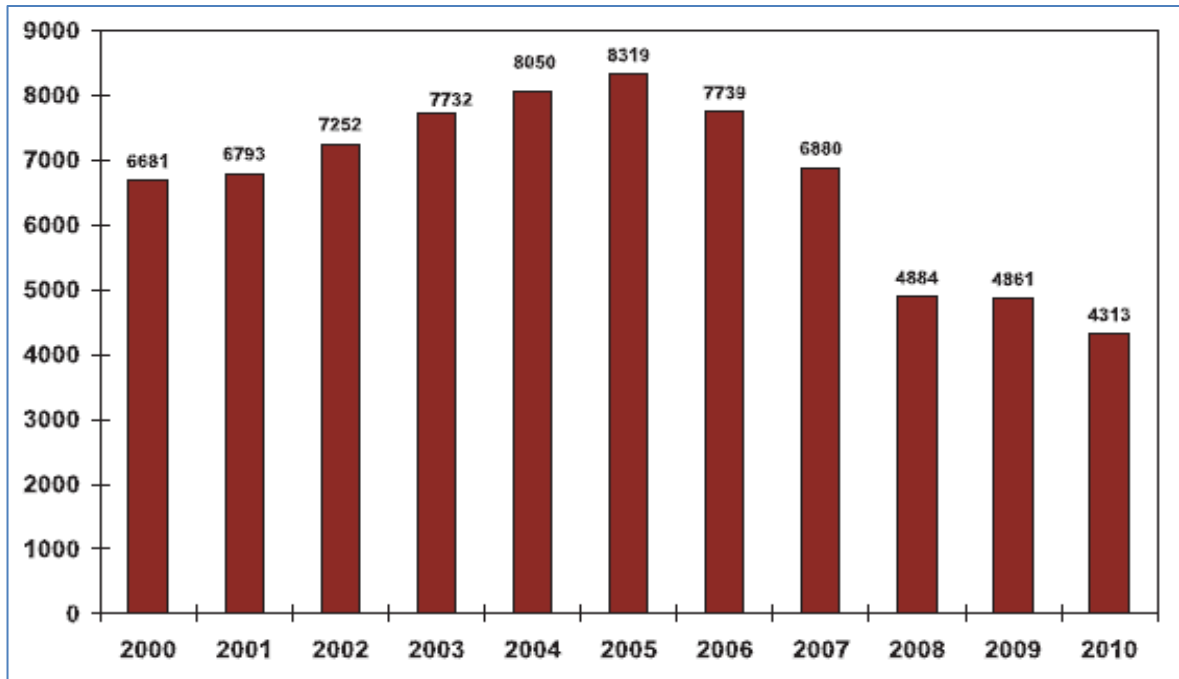


Figure 8-1: 2000 – 2010 Number of Homes Sold in New Castle County (source: NCC)

As the housing market continued to boom, lenders became less concerned about risk and provided risky loans to customers in order to remain competitive; in other words loans were issued with payments far too high for customers' incomes. The most popular type of housing was large single-family homes, often on large parcels of land. Housing helped the American economy boom and individual wealth rose as a result of increased home equity. The trends seen throughout the country were typical of trends seen locally in New Castle County.

By 2007, subprime loans began defaulting, banks became financially unstable, stock markets plummeted, and credit became tight. It became tough for many homeowners to make mortgage payments and for persons seeking to become homeowners from obtaining financing. The housing industry came to a halt. Home prices began to fall. Many homes became vacant and owned by banks and builders. The housing bust began to bring down the entire national economy as well as state, county, and municipal economies.

The increased foreclosures and Sheriff Sales resulted in numerous additional vacant homes, increased blight, and vandalism. Many of these homes remain vacant at this time. There have been many impacts of the housing bust, including loss of homeownership, deteriorating physical condition of homes and neighborhoods, and lower property values. Home equity went from being one of the largest individual assets to one of the lowest. “Zombie Subdivisions,” or subdivisions with infrastructure in place, but few if any occupied homes, have become the norm in many communities.

To make matters worse for the housing market, a demographic shift leads many to believe that the demand for housing styles and community design may be shifting significantly. Within Delaware it is projected that the largest population gain will be with persons aged 55-74 as shown in Figure 8-2 below. Likewise, the largest population decrease will be with persons aged 40-54. In terms of housing, many believe this will result in a surplus of single-family detached dwellings on large lots, homes previously sought by “move-up buyers” seeking large homes for their growing families. This also suggests a significant demand for smaller homes, including entry-level, townhomes, and senior housing.

As found throughout the rest of the country, the County’s population is aging, becoming increasingly diverse, and comprising a wider array of household types. The median age of New Castle County residents is 38.6 years, compared to 35 years in 2000 and 32.8 for Delaware in 1990. In 2010, 23.27% of the population was under 18 years of age and 12.3% were over 65. By 2030, over 27% of the County will be over 60.

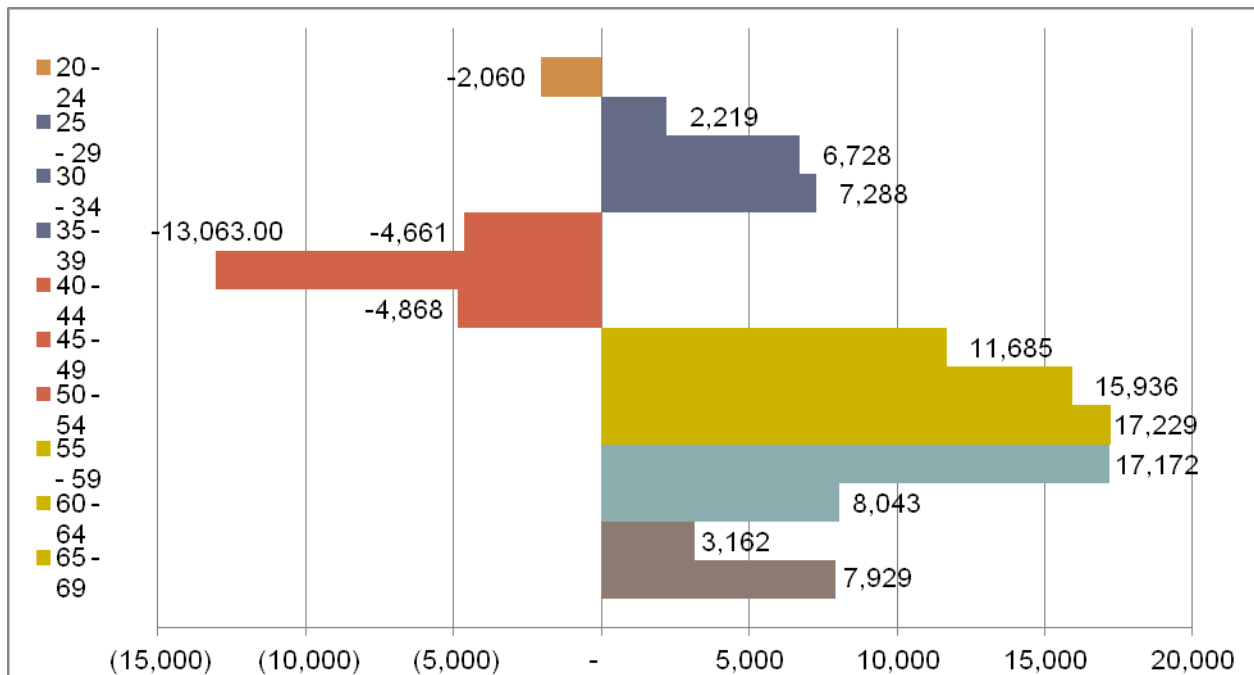


Figure 8-2: Delaware’s Projected Total Population Growth by Age 2010-2020

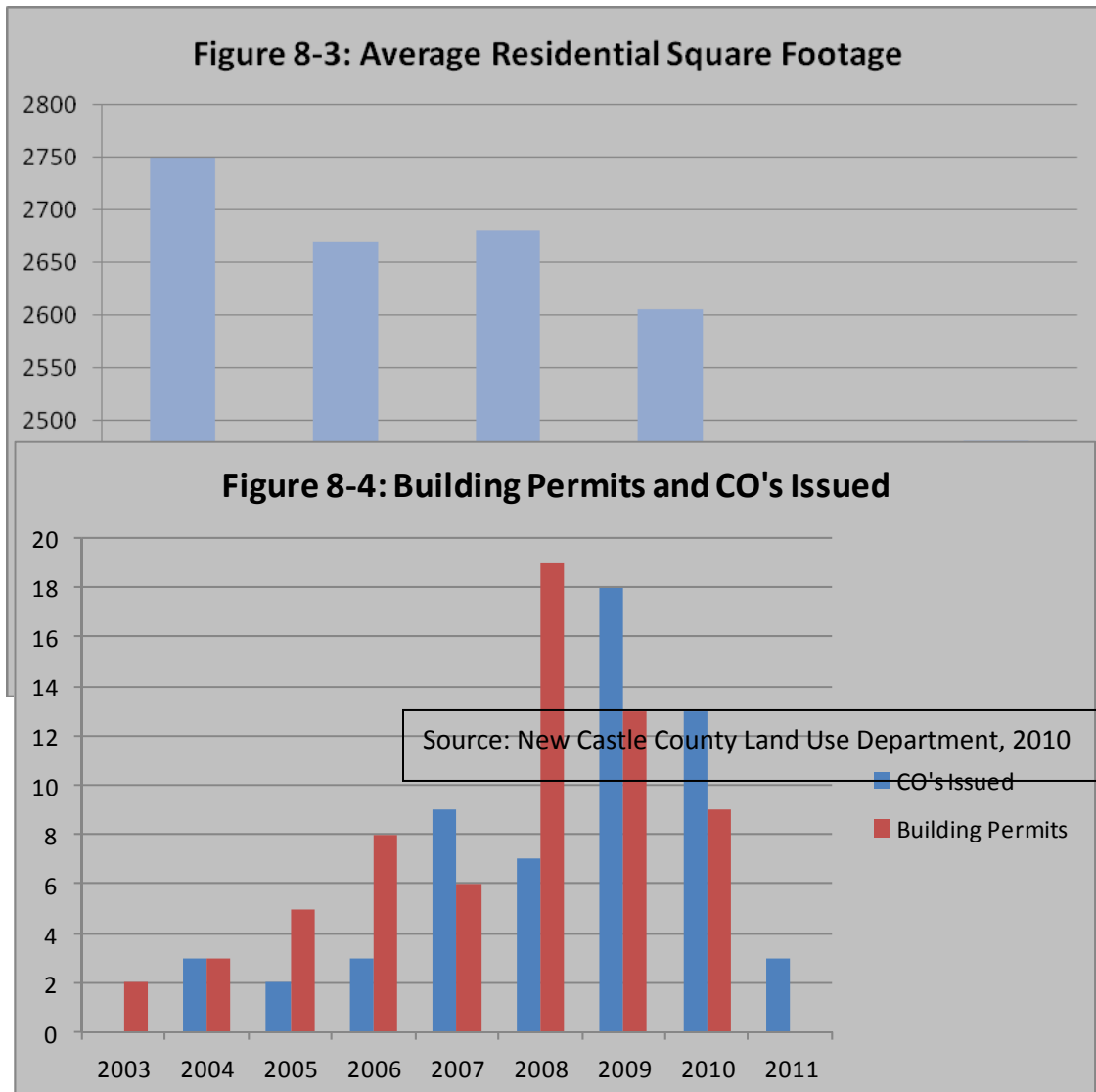
Source: Delaware Population Consortium Population Projections by Single Year and 5-Year Age Cohorts. October 28, 2010, Version 2010.0

In addition to the demographic population change, increased energy and transportation costs have also led many people to move back to walkable communities and urban areas. The large single-family homes on large lots in the suburbs built during the housing boom have now become much less desirable.

Decreasing household size has been a national trend in recent decades due to several cultural changes in which couples have fewer children, a rise in the divorce rate, increased longevity, and the increased empty nest trend. In New Castle County, the average household size was 3.33 in 1970; by 2000, this number had decreased to 2.64, and decreased still further in 2010 to 2.57.

The type of household that people live in has correspondingly changed. The percentage of married couple families has decreased from 49.6% in 2000 to 46.6% in 2010. Married couples with children comprise 19.4% of all households in the County, a number that continues to decrease. The proportion of individuals living alone has remained relatively unchanged at 26.1% over the same time period. All of these factors may impact the types of new housing that are required.

There were 217,511 housing units in New Castle County in 2010, up from 199,521 housing units at the time of the 2000 Census, 58% of the state's stock.



Source: New Castle County Land Use Department, 2011

8.5 Housing Affordability

Some of the target populations which need special attention with respect to housing include:

- Elderly households.
- Persons with disabilities.
- Persons at risk of losing their home to foreclosure.
- Persons who have already faced foreclosure or eviction.
- Homeless persons and families.
- Persons earning less than 50% of median income.

Programs available to help address these special populations include the Community Development Block Grant (CDBG) program, Emergency Shelter grants (ESG), and Home Investment Partnership Act (HOME). For the fiscal year 2010-2011, over \$6 million in federal funds were made available to the County for housing programs as shown in Table 8-6 below.

Table 8-6: Funding Sources July 1, 2010 – June 30, 2011

CONSOLIDATED PLAN FEDERAL FUNDING SOURCES	
CDBG	\$2,569,644
HOME	\$1,255,801
ESG	\$104,876
Estimated Program Income CDBG	\$500,000
CDBG Carry forward Program Income and Funds	\$756,239
HOME Carry forward Program Income and Funds	\$722,084
Estimated Program Income HOME	\$175,000
CDBG-R	\$48,100
Total Federal Con. Plan Funding	\$6,131,744
Non-Federal Down Payment and Settlement Loans	\$220,000

Source: NCC Community Services Department, 2011

8.6 Fair Housing

Housing is regulated, in part, by the Fair Housing Act (title VIII of the Civil Rights Act of 1968). The Fair Housing Act provides regulations to prohibit discrimination related to activities involving the sale or lease of a dwelling based on race, color, religion, disability, familial status, or national origin.

As New Castle County is the recipient of federal housing funds, the County is obligated to “affirmatively further fair housing”. The County’s obligation to refrain from discriminating is no longer acceptable. The County must now certify to the federal government that County’s federally funding housing programs “assist in ending discrimination and segregation to the point where the supply of genuinely open housing increases.”¹⁰ These new requirements are enforced by HUD and non-compliance can result in the forfeiture of federal funds for community development and housing programs within the County.

8.7 Traditional Neighborhood Housing

Traditional Neighborhood Housing is simply housing designed to be affordable to working families. Traditional Neighborhood is commonly confused with “low-income housing” but is distinctly different. The County encourages traditional neighborhood housing by offering incentives to workforce development project developers who designate a portion of their projects as workforce, and who make a designated contribution to the Housing Trust Fund to assist with the provision of affordable housing.

The County uses the traditional neighborhood housing as one method to ensure that diverse housing options exist throughout the County to accommodate a wide range of incomes, those with special needs

¹⁰ U.S. Department of Housing and Urban Development (HUD)

and a significant proportion of those who wish to work and/or live in the County. The program also allows working families to live in communities with better access to employment and educational opportunities and a range of housing types.

In order to be eligible for traditional neighborhood, families must meet established income restrictions. For a four person household, eligibility is set between 80% and 120% of median income, of \$62,650 and \$93,600, respectively. For a family at 80% of median income, the maximum sale price of a traditional neighborhood home would be \$200,100. For a family at 120% of median income, the maximum sale price of the traditional neighborhood home would be \$335,400¹¹.

As a result of the decline in the housing market and halted development industry, time will tell how many of these units will actually be constructed. Additionally, the housing decline has reduced the price of housing such that the pricing advantages of traditional neighborhood housing are no longer as advantageous.

8.8 Consolidated Plan

New Castle County is required to complete a Consolidated Plan every five years. The purpose of a Consolidated Plan is to assess housing and community development needs for the County and to provide a comprehensive five year strategy.

The current plan is in effect for 2010-2015. In this plan, the County identifies the following goals:

- Increase homeownership opportunities.
- Promote decent affordable housing.
- Strengthen communities.
- Ensure equal opportunity in housing.
- Expand economic opportunities.

The Consolidated Plan identifies the following Housing Priorities:

- Expanding the supply of housing for affordable homeownership.
- Housing rehabilitation for low to moderate income homeowners.
- Increasing homeownership opportunities.
- Expanding the availability of rental housing stock.
- Assisting homeless populations.
- Supporting housing for persons with disabilities.

¹¹ As of 2011; these amounts are subject to change based on demographic data.

8.9 Goals, Objectives, and Strategies

Goals:

- 1. Facilitate housing and community choices for people and families in all stages of life, all income ranges, and throughout the County.**

In order for the County to remain sustainable, housing choices must exist for all persons. This is a goal of the Consolidated Plan and a goal of the United States Department of Housing and Urban Development.

- 2. Work with the appropriate agencies to increase home ownership opportunities.**

Home ownership is an effective way for residents to create personal wealth and security. It is also necessary to create and maintain sustainable neighborhoods and communities. As a result of the recent housing crisis, many homeowners became renters and may be seeking opportunities to once again become homeowners. Many agencies exist within Delaware and New Castle County to assist potential first time and returning homebuyers.

- 3. Promote and increase traditional neighborhood housing opportunities.**

Traditional neighborhood housing allows more flexible living arrangements, with opportunities for all classes and access to services without the necessity of car ownership. The traditional neighborhoods can provide sustainable options to the community and County.

- 4. Work with the appropriate agencies to identify at-risk communities and methods on how to strengthen communities.**

State and County agencies will need to work together to identify at-risk communities and work to strengthen them. Communities at-risk may include those with high vacancy rates, increased blight conditions, low homeownership rates, and those with significant decreases in value.

- 5. Explore opportunities to resuscitate vacant homes and prevent or eliminate blight.**

The recent economic recession and the resulting increase in foreclosures have created a large number of vacant homes. Many of these homes are owned by financial institutions and are neglected. Other homes are tied with bankruptcies and other administrative processes, leaving the ownership of the property in question and the properties neglected. Poor maintenance and neglect result in blight to the neighborhoods and communities in which they are located. Blight spreads through communities as the value of adjacent homes decrease. Resolution to this problem is necessary to resuscitate the housing market and housing values within the County.

Objectives:

- 1. Ensure the Future Land Use Plan provides sufficient land for more compact residential growth.**

“Compact development” means housing units at a greater density, requiring fewer miles of infrastructure, such as roads and sewers, less consumption of available land and, thereby,

greater opportunities to preserve valuable resources. Currently, much of the residential land in the growth area is zoned for medium to large lot single-family development.

2. Foster a pedestrian and public transit environment.

From decreased air pollution to increased household income, compact mixed use neighborhoods are livable communities of great value to County residents. Ways to encourage these neighborhoods include permitting increased density adjacent to transit routes and identifying undeveloped parcels to be designated for mixed use.

3. Promote reinvestment and revitalization in older communities while preserving the traditional character of the area.

In addition to initiatives to increase the County's housing stock through new development, we must retain the supply of existing housing and expand housing opportunities in previously developed areas. This accomplishes two purposes in that it adds housing stock to areas that offer greater density and greater access to transit service, and it promotes health, safety and sustainability in existing communities that may be vulnerable to deterioration.

4. Expand the supply of housing types to create a more diverse market of livable housing options for people in all income ranges throughout New Castle County.

Rising costs and decreasing household size have created a need for additional housing options to the single-family suburban home on a large or medium sized lot. Subsidies from federal and other sources cannot meet the need for affordable ownership and rental housing. The County will pursue solutions such as expanding accessory dwelling units, zoning to include affordable units in conjunction with new market rate units, and reviewing regulations that provide for mixed income housing and mixed commercial/residential housing. A strong, sustainable New Castle County requires housing policies that embrace the full range of incomes and all segments of the workforce.

5. Direct funds for affordable housing to connected, accessible, and walkable locations in close proximity to transit, schools, daycare, jobs, shops and services.

The County spends approximately \$6 million each year in federal housing funds to benefit low and moderate income County residents. When choosing specific geographic areas to target, the County will choose locations with proximity to jobs, transit, and services. Because these "mixed use" locations frequently are found in existing towns and cities as well as their unincorporated edges, coordination with municipalities is important, especially in the environs south of U.S. Route 40 where fewer unincorporated mixed use locations exist.

Supporting affordable housing in mixed use locations means public funds will reinforce County goals for infrastructure cost containment and open space preservation as well as affordable

housing. Just as importantly, this policy offers an affordability advantage for a low or moderate income household; for example, proximity to transit and services allows a two-car household to become a one-car household.

6. Work with the appropriate agencies to provide homeownership opportunities for low and moderate income households.

Using federal housing and community development funds, New Castle County provides 175 – 200 first time homebuyers each year with down payment and settlement funds. These loans will continue to be the linchpin for affordable homeownership in the County.

7. Work with the State and Federal Governments, non profit groups and builders to increase rental housing opportunities to County residents.

Renter households who earn more than \$25,000 are usually able to find an affordable apartment throughout northern New Castle County, but not in southern New Castle County. Renter households earning less than \$25,000 find it difficult to locate an affordable apartment anywhere in the County. Producing rental units affordable to extremely low income people requires coordination with other funding streams, particularly state-administered Low-Income Housing Tax Credits.

8. Maintain or improve the condition of all housing stock throughout the County, without causing displacement.

Approximately 30% of federal housing and community development funds are spent on housing rehabilitation for low and moderate income residents, typically for older and modest post-World War II housing. It is important that the County continues this priority for federal funding.

Strategies:

1. Encourage appropriate densities in the Redevelopment and Community Development Areas and preservation of land in the Resource and Rural Preservation and Low Density Residential Areas by improving Transfer of Development Rights code requirements and/or other code revisions, such as upzoning and downzoning, minor density requirements, and impact fees for land preservation.
2. Promote infill and redevelopment to optimize existing infrastructure, focusing on transit corridors with a mix of housing to relieve the pressure of greenfield development.
3. Revise the regulations governing mixed-uses, villages and hamlets to promote development of mixed-use centers in targeted locations.
4. Update the UDC regulations to provide density incentives along transit corridors, in mixed use centers, and for provision of affordable housing.
5. Continue to address any regulatory barriers to affordable housing and amend as needed.

6. Strengthen partnerships with other agencies, the development community, non-profit housing providers, and incorporated municipalities to increase the supply of affordable rental units in locations with appropriate services.
7. Explore code revisions and incentives to promote the construction of environmentally friendly “green” buildings and the construction and renovation of buildings to incorporate Energy Star efficiencies.
8. Continue to enforce the property maintenance provisions and minimize the number of problem properties in the County.
9. Continue to work cooperatively with the State Fire Marshal to align Fire Code requirements with rehabilitation objectives.
10. Encourage the creation of affordable housing through initiatives such as accessory dwelling units, inclusionary zoning, homeownership incentive programs and a Housing Trust Fund for development of affordable housing. Homeownership programs should serve a range of low and moderate incomes, while rental housing strategies should focus on households earning less than 50% of New Castle County median income.
11. Encourage homeownership by continuing Countywide programs for down payment and settlement assistance loans for first time homebuyers, targeting homeownership incentives to neighborhoods that are prime for rental conversion and providing expedited processing.
12. Explore opportunities to resuscitate vacant homes and prevent or eliminate blight.
13. Enhance the visual appearance of communities by utilizing the best design techniques and encouraging developers to create design guidelines for new and revitalized communities.
14. Continue to explore ways to address the potential impact of the upcoming demographic shift on the demand for style and type of housing.