

# **HOUSING ELEMENT**

## HOUSING ELEMENT

Both full-time and seasonal residents continue flocking to Sussex County to take advantage of the area’s outdoor attractions, low real estate taxes, and high quality of life. This influx has fueled prosperity in the County’s real estate market, hospitality industry, and related economic sectors. While the County strives to accommodate the housing needs, it is also committed to preserving agricultural lands and open space. Limited by Federal, State and County resources, Sussex County’s Community Development and Housing Division works diligently to satisfy the housing expectations of the State and the housing needs of its residents.

An overview of Sussex County’s present housing situation:

**Table 14**  
**Summary of 2006 Sussex County Housing Statistics**

	NUMBER	PERCENT
<u>Total Housing Units</u>	111,606	–
Occupied Units	73,397	66.0
Vacant Units	38,209	34.0
Owner-Occupied	59,422	81.0
Renter-Occupied	13,975	19.0
<u>Age of Housing Units</u>		
2005 or later	5,106	4.6
2000 to 2004	19,704	17.6
1990 to 1999	21,654	19.4
1980 to 1989	23,073	20.7
1970 to 1979	16,963	15.2
1960 to 1969	7,434	6.7
1950 to 1959	7,132	6.4
1940 or earlier	10,540	9.4
<u>Housing Units by Structure</u>		
Single-Family Detached	66,138	59.3
Single-Family Attached	5,321	4.8
2–4 Units	3,833	3.4
5+ Units	9,640	8.6
Mobile Homes	26,674	23.9

**Source:** U. S. Census Bureau, 2006 American Community Survey

**Note:** Vacant units include both unsold and unused structures.

### Housing Affordability

On the down side, the County’s strong housing market has driven up home prices and apartment rentals to new highs. Sussex County’s low to moderate income working households are hit hardest by these cost increases because their incomes typically do not keep pace with the cost of living, especially the cost of housing.

Some statistics and other facts illustrate this situation:

- To avoid spending more than 30% of their income on the current average priced 2-bedroom apartment in Sussex County, a full-time worker needs to make \$12.71 per hour (\$24,660 per year). This pay rate is nearly twice Delaware’s minimum wage. It requires 1.9 minimum wage jobs to afford the average priced apartment in Sussex County.

**Table 15**  
**Monthly Housing Costs as Percentage of**  
**Household Income in the Past 12 Months**

Subject	Occupied Housing Units	Owner-Occupied Housing Units	Renter-Occupied Housing Units
Less than \$20,000	18.1%	15.9%	27.4%
Less than 20 percent	3.5%	4.0%	1.6%
20 to 29 percent	3.0%	3.2%	2.1%
30 percent or more	11.6%	8.7%	23.6%
\$20,000 to \$34,999	18.7%	19.0%	17.3%
Less than 20 percent	6.4%	7.5%	1.9%
20 to 29 percent	3.9%	3.9%	3.8%
30 percent or more	8.4%	7.6%	11.6%
\$35,000 to \$49,999	15.7%	14.9%	19.1%
Less than 20 percent	7.2%	7.4%	6.2%
20 to 29 percent	3.9%	3.4%	6.4%
30 percent or more	4.5%	4.1%	6.4%
\$50,000 to \$74,999	18.6%	19.7%	13.6%
Less than 20 percent	9.3%	10.0%	6.7%
20 to 29 percent	6.1%	6.1%	5.8%
30 percent or more	3.2%	3.7%	1.1%
\$75,000 or more	27.1%	30.2%	13.8%
Less than 20 percent	21.0%	22.8%	13.1%
20 to 29 percent	5.0%	6.0%	0.7%
20 percent or more	1.2%	1.5%	0.0%
Zero or negative income	0.2%	0.2%	0.3%
No cash rent	1.6%	(X)	8.6%

Source: U.S. Census Bureau, 2006 American Community Survey

- 59% of workers in Sussex County have an income that makes a two-bedroom apartment in the County unaffordable to rent.

**Table 16**  
**Affordable Housing Surplus / Gap – 2007**

	AFFORDABLE HOUSING THRESHOLDS		FAIR MARKET RENT (FMR) & MEDIAN HOME PRICE (MHP)		SURPLUS OR (GAP)
2007 HUD MFI Median income for a Sussex County family of four:  \$ 53,800	Affordable Rent (One-third of monthly income for rent)	\$ 1,345	1 Bedroom FMR, 2007	\$ 595	\$ 750
			2 Bedroom FMR, 2007	\$ 661	\$ 684
			3 Bedroom FMR, 2007	\$ 904	\$ 441
	Affordable Home Price (Qualifying Mortgage Amount)	\$152,662	MHP, 1 <sup>st</sup> Quarter, 2007	\$260,000	(\$107,338)

Source: Mullin & Lonergan Associates, Inc.; Delaware Statewide Needs Assessment

- The median home price in Sussex County was \$260,000 in 2007. This is an increase of 99% over the 2000 median, the largest increase among Delaware’s three counties.
- Between 2003 and 2005, the two fastest growing job providers in Sussex County were Leisure & Hospitality (with an average annual wage of \$15,000) and Wholesale & Retail Trade (with an average annual wage of \$25,000).
- 2007 data from the Delaware Statewide Needs Assessment classifies the following homebuyers of Sussex County for qualifying mortgage amounts:
  - Low-income homebuyers: \$25,000 to \$58,870
  - First-time homebuyers: \$58,870 to \$178,944
  - Affordable homebuyers: \$58,870 to \$178,944

**Table 17**  
**Delaware Homeowner Demand Forecast, 2008–2012**

	TOTAL	Unit Types			Household Income Category				
		Existing Homes	New Construction	Manufactured Housing	First Time	Affordable	Move-Up	High Income	Elderly
<b>DELAWARE</b>	47,881	33,510	13,385	986	3,423	2,909	17,658	15,336	8,555
<b>Sussex County</b>	14,766	9,521	4,887	358	1,134	1,447	5,271	886	6,028

Source: Mullin & Lonergan Associates, Inc.; Delaware Statewide Needs Assessment

- According to the 2000 Census, 7.7% of Sussex County’s population was living in households with annual incomes below the federally-established poverty level. The equivalent figure statewide was 6.5%.
- 2005 data from the Delaware Department of Labor classified 52% of the jobs in Sussex County as “low paying” (less than \$11/hour). The equivalent figures were 29% in Kent County and 18% in New Castle County.
- According to the 2005 American Community Survey, Sussex County’s cost-burdened renter households have increased by 5.4% since 2000.

- 2006 data from the American Community Survey states that Sussex County's rising Hispanic population is 10,988, 6.1% of the total population.
- According to the 2007 Delaware Statewide Needs Assessment, the elderly population of Sussex County will rise 52.6% between 2005 and 2015. It is expected that this group will be the majority of home buyers in the County through 2012.
- The Delaware Population Consortium predicts that Sussex County's population will increase by 15% from 183,798 in 2007 to 211,120 in 2015.

### ***Manufactured Housing***

Manufactured homes can create affordable housing opportunities. According to CFED, a national non-profit organization, the average cost per square foot of manufactured homes is less than half that of site built homes. CFED reports that in 2005 manufactured homeowners had a median household income that was only three-quarters of the national median. Yet despite sometimes disparaging stereotypes, properly built and well managed manufactured home communities grow in value and can be community assets.

Manufactured housing issues are important in Sussex County. The County has a strong market for these units considering the problems many local workforce members have affording local home prices. In addition, there is a demand for manufactured housing as affordable vacation homes in the eastern area of the County. The U.S. census reported that Sussex County had 23,817 manufactured homes in 2000 (counting both occupied and vacant units). This represented 25.6% of all homes in the County, compared to 18.6% in Kent County and 11.2% in New Castle County. In 2000, 36,086 Sussex County residents lived in manufactured homes, 23% of the County's total population.

In 2007, the Delaware Statewide Needs Assessment reported that manufactured homes represent 24.5% of all homes, housing 20% of the population. There are approximately 110 manufactured home communities in Sussex County today. In the past, the majority of manufactured homes resided on leased land, which titled the home as a motor vehicle. This ultimately leads to difficulties with financing and insecure tenure. For example, the Delaware Manufactured Home Owners Association calculates land rent to range from \$4000 to \$21,900 each year. The Assessment also states that although many people still live in leased-land communities, it is now uncommon for the creation of a new leased-land community.

In order to facilitate the ownership of a manufactured home on owned land, the County now allows double-wide manufactured homes to reside on  $\frac{3}{4}$ -acre lots. Previously, manufactured homes were restricted to 5-acre lots, which negated the affordability of the home because of the high price of land. Due to the improvements in the durability and quality in manufactured homes, and the newly adjusted minimum lot size, manufactured housing is now more feasible and affordable in Sussex County.

In Sussex County and throughout the U.S., the housing market cooled in 2006 and 2007. Nonetheless, the shortage of affordable housing remains a very real problem to low to moderate income households in Sussex County, including many with full-time, year-round jobs.

## **Housing Conditions**

In addition to affordable housing issues, Sussex County faces challenges concerning the quality and condition of its housing stock. Despite the surge of new housing recently built in the County, many Sussex County communities have a backlog of housing units that need rehabilitation. In 2007, the Delaware Statewide Housing Needs Assessment defined substandard housing as those units deficient in at least two structural systems and in need of substantial rehabilitation in order to make them structurally sound, safe, and habitable. The same report estimated that in 2007, there were 2,926 substandard units in Sussex County (5.3% of all units) that would require \$30,000 or more to bring up to code. That study also classified 3,398 households “at-risk” due to their inability to pay average rents or afford, on the average, the repairs needed to rehabilitate a typical substandard home. There is currently a waiting list of 750+ persons for housing rehabilitation funding made available by Sussex County.

## **Sussex County Housing Initiatives**

In cooperation with the State, federal agencies, housing industry representatives and non-profit housing advocacy groups, Sussex County Council has been very active in trying to address low to moderate income housing needs.

### ***Housing Rehabilitation and Related Assistance***

The Sussex County Department of Community Development and Housing oversees County funding of housing rehabilitation and small public works projects that serve low to moderate income residents. The Department’s budget calls for managing over \$1.8 million in housing assistance, funded by U.S. Department of Housing and Urban Development (HUD), Delaware State Housing Authority (DSHA), and Sussex County Council. Over the last five years, the following sources have contributed to hundreds of renovations to preserve affordable housing stock in Sussex County:

- \$7,000,000 - Community Development Block Grant
  - 624 homeowner-occupied units renovated during the last five years
- \$125,000 - Housing Preservation Grant
  - 32 homeowner-occupied units renovated during the last five years
- \$920,000 - Delaware State Home Loan Program
  - 14 homeowner-occupied units renovated during the last five years
  - 32 investor rental units renovated during the last five years
- \$400,000 - Sussex County Council
  - 50 homeowner-occupied units renovated during the last five years
- \$944, 176 – Sussex County Administration Costs

According to the 2007 Delaware Statewide Needs Assessment, Sussex County’s rehabilitation and demolition efforts have kept up with the slippage rate, so there has been no significant increase in the number of substandard units in the County since 2003.

***The Moderately Priced Housing Unit Program***

In January 2006, Sussex County Council introduced the Moderately Priced Housing Unit (MPHU) Program. This initiative is a tangible step towards creating more moderately priced housing by providing incentives for developers to build these types of units. The program also envisions the use of deed restrictions to guarantee the re-sale prices of these homes remain affordable for a 20-year period.

The MPHU Program offers expedited review and density bonuses to developers who build homes affordable to people within 80% and 125% of the area's median income, established yearly by HUD. Depending on the specific income level targeted, developers of approved projects can build between 20% and 30% more units than otherwise allowed. The projects must be: a) owner-occupied housing; b) located in a town center, developing area or environmentally sensitive developing area, or land that is designated on a town's comprehensive plan as lying within the town's growth and future annexation area; c) have a minimum of 35 units and submit 15% of the total units to the program; and d) connect with public water and sewer facilities. Home buyers must live and work in Sussex County for at least one year and be income-eligible to participate. The County will partner with the Delaware State Housing Authority for first-time homeowner assistance with down payment and settlement costs.

The MPHU Program is voluntary and individual projects subject to County approval. To date, Sussex County has received five development applications for a total of 541 affordable units. These applications are now under review. The County wants this program to meet the needs of low to moderate income people in Sussex County, but also to entice young professionals to stay in Sussex County. With increased housing options for the rising professional sectors, we hope to see more employment opportunities in such fields. In addition to credit for addressing housing costs, the MPHU Program has received praise for its potential to create housing close to work, thereby contributing to reduced commuter costs and less traffic. Sussex County views MPHU as a pilot program that the County will evaluate for possible refinements at the end of a two-year trial period.

***Cooperation with Non-Profit Housing Entities***

In November 2006, Sussex County Council approved a \$50,000 Community Investment Grant to the Diamond State Community Land Trust (DSCLT). This non-profit corporation partners with the State, local governments, housing advocates and others to expand home-ownership opportunities for Delaware's low to moderate income households. Among other activities, DSCLT undertakes several types of projects on behalf of existing and prospective low to moderate income home buyers. Since January 2006, the County has given a total of \$37,500 to the West Rehoboth Land Trust.

Both DSCLT and the West Rehoboth Land Trust advocate community land trust homes as an effective way to expand the permanent supply of affordable housing. Under their model, low to moderate income buyers own their home but lease the underlying land for a nominal fee from the community land trust. At resale, the homeowners keep only a certain portion of the appreciation. The remainder stays "with the home" in order to make that home affordable to the next buyer.

The Sussex County Council has authorized grants over the past five years to several other non-profit agencies in the County to assist with housing programs. The County has contributed \$40,000 to NCALL Research, Inc., \$52,500 to Interfaith Mission, \$149,357 to First State Community Action, \$35,000 to First State RC&D, \$1000 to Milford Housing Development Corporation, and \$121,500 to Sussex County Habitat for Humanity. In addition, Sussex County donated homes to Habitat for Humanity that were purchased through the Airport Expansion Project. Sussex County provides administrative space for Habitat for Humanity operations near Lewes.

## **Housing Goals, Objectives, and Strategies**

### **Goal**

Facilitate decent, safe, and sanitary housing for low and moderate income people throughout Sussex County.

### ***Objective 1***

Provide affordable housing options to the County's workforce earning 80% to 125% of HUD's Area Median Income.

**Strategy:** Support and evaluate Sussex County's new Moderately Priced Housing Unit (MPHU) Program. The program's pre-established two-year initial trial period ends in January 2008 and any alterations to the program will be determined at that time. For example, the Diamond State Community Land Trust suggests making the MPHU Program mandatory and modifying its rules and regulations to ensure MPHU homes are permanently priced at affordable housing levels. Also, modifying the program to include existing new developments in the program will be considered. These developments may not receive the benefit of expedited review or bonus density, but may be included in the MPHU program on a voluntary basis. The appropriateness of these and other potential changes to the MPHU Ordinance can be fully assessed at that time.

### ***Objective 2***

Encourage manufactured homes as an affordable housing tool.

**Strategy:** Sussex County will continue to support manufactured homeownership throughout the County as an affordable housing alternative. Based on their vote to lower the minimum lot size requirements (5 acres to  $\frac{3}{4}$  acre), County Council will continue to evaluate the benefits of such changes toward manufactured home restrictions. The County understands the advantage of spending less on the purchase of acreage, in order to make homeownership a possibility. In addition, by comprehensively reviewing Sussex County's Zoning Ordinance, Subdivision Code and other relevant County regulations, provisions could be revised that may unduly constrain the development of well-designed



manufactured housing communities. The County will encourage local municipalities to review these codes as well.

***Objective 3***

Encourage private for-profit developers to undertake affordable housing projects.

**Strategy:** In 2006, Capstone Homes cooperated with Sussex County Council to formulate a workforce housing project. In this case, workforce housing discounts were offered on a first-come-first-served basis. While the homes involved are not aimed at low to moderate income buyers, the project is one example of what private developers can do to help stabilize the price of market rate housing in Sussex County. Capstone homes is also in discussions to build cooperative relationships with certain major Sussex County employers to offer discounts on housing prices in a range of \$5,000 to \$10,000 to that employer's workforce in exchange for that employer providing marketing assistance to Capstone Homes. There is a significant gain to be seen if private developers assist Sussex County Council and non-profit housing advocates to provide affordable housing options. In addition to their ability to stabilize market rate housing prices, these projects will help to attract more highly-skilled professional workers to Sussex County. Sussex County Council will continue to expand relationships with private developers to promote the concept.

***Objective 4***

Decrease substandard housing and preserve the affordable housing stock in Sussex County.

**Strategy:** Since 2003 Sussex County's Community Development and Housing Division has worked hard to keep up with the rehabilitation and demolition necessary to prevent an increase in the number of substandard homes in the County. The Department utilizes its Federal, State, and County funding as efficiently as possible to try and satisfy the 700+ names on their waiting list. For the upcoming fiscal year, the Department has applied for \$2,700,000 in competitive grant funding from the Delaware State Housing Authority. The Department applies for funding on behalf of local municipalities who request assistance from the County. Pending the approval of funding, the following towns will see financial assistance towards rehabilitating and demolishing substandard housing: Blades; Bridgeville; Georgetown; Greenwood; Laurel; Milford; Ocean View; Selbyville; Coverdale Crossroads; Rural Lincoln; Rural Millsboro / Dagsboro; and Rural Selbyville/Polly Branch. Sussex County Council and the local shares, will commit to \$588,000 as a match to the State's CDBG funds.

***Objective 5***

Create a Moderately Priced Rental Unit Program to support the growing rental demand throughout Sussex County.

**Strategy:** Presently Sussex County's Community Development and Housing Division is focusing on its pilot Moderately Priced Housing Unit Program. Pending the evaluation at the end of the test period for the MPHU Program, the Department will determine the best

method to satisfy the rental needs of the County's low to moderate income citizens. Sussex County recognizes the increase in "at-risk" households and cost-burdened households that need assistance. In the meantime, the Department will continue to utilize the Housing Rehabilitation Loan Program funded by the State, to preserve and rehabilitate affordable rental housing throughout the County. The County will work closely with non-profit organizations, local municipalities, and private developers to see that a Moderately Priced Rental Unit Program is developed within the next two to three years.

Sussex County will continue to expand its relationship with non-profit housing advocacy organizations. The County recognizes the efforts of these organizations to provide the low to moderate income people of Sussex County with affordable housing options, and will continue to financially support these efforts. The County's Fiscal 2008 Budget includes a \$25,000 grant to Habitat for Humanity, a \$5,000 grant to West Rehoboth Land Trust, a \$10,000 grant to InterFaith Mission, and a \$10,000 grant to First State Community Action for housing assistance programs. Housing advocacy groups impart a great deal of wisdom in regards to affordable housing and the County will work closely with them in the establishment of an affordable rental program. The County also wants to encourage more limited home equity projects, under which the buyers owns the home and non-profits (i.e., community land trusts) own the land. In a time where escalating land prices makes buying an affordable home difficult, removing land price from the equation would significantly lower home prices.

In the last 5 years, Sussex County has seen an escalation in the Hispanic and elderly populations. The County's Community Development and Housing Department will continue to use its funding to rehabilitate the homes of the elderly. However, these two groups do not always fit into the requirements of the County's assistance programs. In those cases, the County will partner with USDA Rural Development, State Housing Authority, local municipalities, and non-profits organizations to ensure that their housing needs are fulfilled as well.