

Our Affordable Housing Dilemma

Creating 15,000 More Affordable Homes via Economics or Big Government?



“I struggle every month, but pay my rent. Then, she got sick and I missed a few days of work, and I behind. I need just a little help.”



“I can’t make ends meet on my Vet benefits and money I’ve saved. I don’t know what to do.”



“My life is different now, but moving out is a challenge. We need a safe smaller place to live, but where? Waiting lists everywhere. There is place for me”

- ### Affordable Housing Numbers
- Advocate say rent should be between 30%-45% of the family income
 - 25% of Delawareans are considered Extremely Low Income and need assistance.
 - 15,000+ Units Needed in 2024
 - Since 2012, 14,000 less units than in 2012 and 4500 more New luxury units.
 - 2500 WHA units (largest public housing authority in the state).
 - 1500 Vacant homes in Wilmington.
 - \$200,000 per unit to new construction.
 - \$90,000 to renovate an existing Public Housing unit.
 - 7 months to evict a person not paying rent.

State Leaders Grapple with Two Approaches to Affordable Housing

The shortage of affordable housing in Delaware is a real concern for many people seeking a safe and affordable place to live in Wilmington and across the state. The challenge for lawmakers is a fundamental question: how do we build an additional 15,000 to 20,000 affordable homes?

“We simply don’t have enough options for people seeking an apartment or house for less than \$1400 a month in a safe neighborhood close to schools and work,” stated Brandon Fletcher-Dominguez, a housing advocate for WHA.

To address the need for more homes, legislators have several choices:

- Grow supply via “Economics”
- Socialize Affordable Housing
- Decrease demand, over time.

For now, we must decide how to increase the supply of homes by inspiring the public and/or private sector to build more. Economics suggests incentivizing the free market to build more or insisting on a larger percentage of the state budget being directed towards housing for low-income individuals. However, this would require cuts to education and healthcare or a significant tax increase.

The decision legislators must address when dealing with this problem is whether to prioritize economics or politics.

Editor’s Note: This paper will explore some of the options and introduce the leaders who are working to address this issue.

What is “Affordable Housing” and how many units are needed?

The concept of “affordable housing” refers to options with rent that is manageable for individuals or families with limited incomes. The phrase “affordable housing” is colloquially used to refer to housing assistance for low-income individuals, including housing vouchers or housing designated for residents below a certain income level for the area.

The U.S. Department of Housing and Urban Development defines affordable housing as housing where the occupant is paying 30% or less of their gross income on total housing costs, including utilities. Some households even face very low affordability, spending up to 60% or more of their income on housing.

The affordability crisis affects a significant portion of Delaware’s population, including both low-income households and those struggling to make ends meet and provide a safe, consistent, and reliable place for their children. Data compiled by the National Low Income Housing Coalition indicates that nearly one-quarter of Delaware renters qualify as extremely low income (ELI).

According to a Harvard University Study, Delaware has lost approximately 14,000 housing units available now than in 2012. The state is currently short more than 15,000 affordable rental units, according to the Housing Alliance of Delaware. Almost all housing support programs have long waiting lists, and rent inflation is greater than wage inflation; the number is likely conservative.

According to court observers and housing advocates, it now requires about 5-7 months to evict a tenant who is not paying rent.

Why is Housing so Expensive?

It is Simple Economics. Five Factors Driving Up Housing Costs & Driving Down Supply in Delaware.

- Delaware is not alone! The escalating costs of housing in the Northeast are driven by simple economics and interconnected factors. Here are five pivotal drivers:
- 1. Supply and Demand Dynamics:** Housing shortages stem from the growth in the low-income population and migration, while we have fewer units available from both the public and private sectors.
 - 2. Permitting, Land Policies & Regulations:** We make it difficult to build new low-income housing in Delaware. Local regulations, such as varying building codes and high permitting costs, impede new home construction. Builders opt for high-end housing to cover the costs of city, county, and state regulations.
 - 3. Inflation & High Interest Rates:** High-interest rates result in high mortgage rates, directly impacting housing affordability.
 - 4. Renters Who Don’t Pay Rent:** Occupants who won’t or can’t pay rent drive up costs for everyone. Evictions take months, and landlords can’t afford that loss and the inevitable repairs. Renter protections tend to increase rent and reduce supply.
 - 5. Housing Programs are a Bureaucratic Mess:** Once good programs to help people are now mismanaged, hard to administer, and need reform. The Section 8 Housing Program needs rethinking and new ideas! Waiting lists and weak rules enforcement for mismanagement are making things worse.
- Together with inflation, regulations, permitting delays and renters who don’t need to pay the rent... prices will keep going up!

The Race for Delaware’s Governor to includes an Entrepreneur, Lawyer, Politician, Teacher & Environmentalist



This week, Entrepreneur and State Representative Michael Ramone joined Lawyer and GOP Party Chair, Julianne Murray and three Democrats in the race to be the next Governor of Delaware. Professional Politician, Bethany Hall-Long; Former Teacher and New Castle County Executive Matt Meyers; and Environmental Activist and former DNREC Administrator Collin O’Mara will compete to be the Democratic Party candidate for Governor.

The voters will select the Candidate for both parties compete in the Delaware Primary on Saturday, September 10, 2024.

On the Republicans side, Ramone’s announcement has generated enthusiasm among supporters, who commend his energy conservative ideas and common sense approach. He currently serves as the State Rep. in the 21th District which has more registered Democrats than Republicans.

Delaware GOP Chair Julianne Murray has run for the Governor and Attorney General and is also a political conservative and is known as a fighter. She has never held office. As GOP State Chair, she diligently looked for a gubernatorial candidate and ultimately came to believe that she best meets her own criteria. The Delegates at the State Convention will select the Party’s nominee on May 17th.



Town of Elsmere 1st District

Special Election on Wednesday May 29th.

We Going the Wrong way: We Should help people in need and work to reduce fraud and abuse & we help all!

These are real stories happening far too often in Delaware. Meet Sarah and Jack. Meet Sarah, a hardworking mother juggling two jobs to provide for her family. Every month, she diligently pays her rent, striving to create a stable home for her child. However, life's unexpected challenges can disrupt even the most carefully laid plans. This month, Sarah's world is rocked when her child falls ill. With no one else to turn to, she stays home to care for her little one, sacrificing precious income in the process. As a result, she finds herself short on rent, facing a daunting dilemma. In the past, during the peak of the pandemic, Sarah could rely on short-term support to bridge the gap in difficult times. However, as the world gradually returns to normalcy, such assistance has become scarce. Now, instead of a helping hand, Sarah is met with the looming threat of eviction. Instead of a little help, Sarah is now offered a lawyer for her day in court when she faces eviction thanks to a new law passed by the Delaware General Assembly. Sarah's story underscores the urgent need for compassion and support systems that extend beyond mere legalities. As commu-

nities, we must strive to provide assistance to those in need, ensuring that no one is left behind in the pursuit of a safe and secure home. Enter Jack, seeking his next place to live in another apartment building. Jack works the system. Behind fake pay stubs and false documents, he secures a lease and dodges rent for months, exploiting loopholes intended to protect people. Unemployed and unfazed by debt, Jack dances through eviction proceedings, confident in delay tactics. The landlord, trapped in bureaucracy, struggles for justice as Jack's charade persists. As the court date nears, Jack remains unperturbed, knowing bureaucratic red tape prolongs his stay. Facing costly battles, the landlord must consider a bitter settlement. As Jack moves on, new laws offer little defense against deception. In a system where deceit reigns, justice becomes an uphill battle, leaving landlords in turmoil. It now takes more than six months to evict a

renter who understands how to cheat the system. Both Sarah and Jack's cases are very real and both impact the cost of affordable housing for everyone in Delaware. If we can intervene and help Sarah resolve a one-time need, she stays in her home and pays rent when she recovers. This is how the program worked during Covid-19 using Federal dollars. This program is over but should be revived. And the legislators in Dover are currently changing all the rules to protect Jack instead of holding him accountable for paying his rent. The opportunity here is for landlords to work with Housing Advocates to craft a different system that helps the honest renter and discourages fraud and abuse. It's simple economics: our current approach to both problems raises the costs for everyone and discourages new housing apartments from being built. By Eric Braunstein, Community Advocate and activist for Children.

"We lower the cost of rent for all when we help people in need and yet hold others accountable for paying the rent. We can and must do both"
Eric Braunstein

Community Poll: Who is Running for Governor?

In an recent online survey, Delaware Residents have a clear preference for:

Delaware Voters were asked to identify their TOP 3 choices for Governor to identify voter preference without party affiliation.

How Often did Voters Consider in their TOP3:

- 72% Matt Meyers - Former Teacher
- 68% Mike Ramone - Entrepreneur
- 55% Bethany Hall Long - Politician
- 40% Julianne Murray - Lawyer
- 31% Collin O'Mara - Environmental Activist

Online Survey of 250 Delaware voters conducted among residents of New Castle County between 4/27 and 4/29.

Additionally, potential voters were asked to identify other potential issues: (lol, real data!)

- 42% Stopping the Rain on Wilmington Flower Market
- 28% Where is the Caesar Rodney Statue?
- 64% Is How do I get a ticket to see Wolfgang Van Halen Concert on May 7th at the Queen?
- 19% What will Kyle Evans-Gay's run for next office after Lt. Governor?

Our Rent Assistance Program is a Mess! Advocates, Landlords & State to Rethink!

The new leader of the Delaware State Housing Authority is Cynthia Kamai. She was recently confirmed as the Chief Operating Officer by the State Senate and accepted the role, promising to address the Affordable Housing Crisis in Delaware.

One of her first challenges she faces is the Section 8 Housing Program in Delaware. The concept of the program is simple: a low-income family who pays their bills and has never been evicted receives help to pay rent in an approved apartment unit that is clean, safe, and now more affordable. Landlords collaborate with state officials to assist low-income families in exchange for partial rent payments and other assurances from the State. Everyone wins in theory, but not in practice all over Delaware. One of the biggest opportunities to help more people is to address the problem in the current Rent Voucher Program. The program is plagued with problems:

Waiting List to Get Help: The state faces a persistent problem of inadequate funding for affordable housing programs. Limited resources constrain the expansion of Section 8 vouchers, leaving numerous eligible households without the vital assistance they need. The waiting list is closed for 4-8 years.

Complex Rules for Landlords: Efforts to strengthen tenant protections help some renters against very bad landlords. However, the unintended consequence is to drive up the cost for people who follow the rules. The program's complex rules and continually changing process discourage new units from becoming available. The result of legislative initiatives aimed at combating discrimination and providing legal aid to tenants facing eviction forces investors to

convert rental units from affordable housing to luxury housing or condos.

Regulations and Costs: Landlords face regulations that drive up rental prices. Long approval processes, government mandates, inspections, and variations between municipalities add up. Additionally, soaring construction costs coupled with wage regulations further compound the affordability crisis, making it increasingly challenging for private investors to fund projects with affordable rents. It's just easier to build luxury units with higher margins.

As a result, the few who qualify for vouchers can only find a landlord who is part of the program in 42% of cases in New Castle County (other than Wilmington).

US Senator Chris Coons agrees. He has actively championed legislation to enhance Section 8 housing and increase access to affordable housing for low-income families. One significant bill he introduced, the Choice in Affordable Housing Act, alongside Senator Kevin Cramer, aims to improve the federal government's largest rental assistance program. This bipartisan initiative seeks to simplify access to Housing Choice Vouchers (HCV), commonly known as Section 8 vouchers, and incentivize landlords to participate. The Bill is stalled in committee.

In Delaware, it is time rethink our Rent Support Program. The leaders of the Delaware Landlord Association are looking to collaborate with the State to rethink Delaware's Rent Assistance Program known as Voucher for Section 8 Housing.

At the time of printing, Cynthia Kamia had not yet agreed to fund the collaborative project.

About This Paper

For more information about this publication, please feel free to call George D. Rotsch 302-354-5730.



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“Why We Need a Common Sense Approach to Building More Affordable Housing in Delaware. It’s for the Children”

By Rep. Michael Ramone
21st Representative District

We have a problem in Delaware that must be addressed. Delaware needs more options for people who require affordable housing that is safe, suitable for raising a family, and allows individuals to afford necessities like heating, food, and a decent quality of life. Delaware is too wealthy to have people needlessly living on the streets. We need to figure out how to solve this problem. Currently, it is a crisis, especially for children. At East Side Charter School, 77% of students cannot read or write at grade level. Executive Director Aaron Bass asserts that the problem begins at home. Children who



are uncertain about where they will sleep at night struggle to focus on learning about adverbs and fractions. Of course, Seniors & Vets need housing too!

According to the Housing Alliance of Delaware, we require 15,000 affordable housing units statewide to meet the demand. These apartments do not feature designer kitchens and fitness centers; they simply offer a safe living space for a mother to protect her child. This number is nearly seven times the units currently managed by Delaware's largest Housing Authority and five times more than what Buccini/Pollin Group has built after converting high-rise office buildings in downtown Wilmington into luxury apartments. 15,000 homes is a huge number.

The State of Delaware is not moving quickly to resolve the issue, despite having three years of budget surpluses totaling \$1 billion. There were few new construction projects, and the state struggled to administer the program funds allocated to assist with housing expenses, ultimately returning two-thirds of the funds to the federal government after Covid.

So, how do we build 15,000 affordable housing units and protect families from unscrupulous landlords in the fastest and fairest manner possible? How do we avoid history's mistakes with Public Housing and Rent Control? Should we expand the State fund to build and manage 15,000 new affordable housing units? Or should we remove govern-

ment barriers to unleash the private sector and free market?

Initially, Democrats and Republicans may not agree, but if we take a common-sense approach that protects tenants paying rent from abuse, re-establishes Emergency Rent assistance, combats fraud and system abuse by those who disregard the rules, address the bureaucratic hurdles in the Section 8 housing program by letting landlords and housing advocates revamp the housing choice voucher program, as suggested by Senator Chris Coons. Additionally, by streamlining approvals and housing codes to expedite new housing construction, we can inspire greater private investment in affordable housing, resulting in new, higher-quality, and more livable housing being built faster.

The answer is not just common sense; it's economics. We need to increase the supply of “affordable homes”, hold both landlords and renters accountable, and demand that the government collaborate and enable the free market!!

3 Different Ways to Address Affordable Housing in Delaware

Deploy Basic Economics	Socialize Housing	Enable People
<p>Incentivize Private Investment in Affordable Housing by getting government out of the way!</p> <p>Incentivize the private sector and enable more investment in affordable housing by landlords, local businesses, and property managers. This approach calls for reducing government mandates, fixing bureaucratic problems, lowering costs to build and holding renters accountable. And, enforce rules to deal with against bad landlord but enable the good ones.</p> <p>Options and recent proposals:</p> <ul style="list-style-type: none">• Fix the Housing Voucher Program to be more attractive to landlords and fair to renters who play by the rules. Make units available to more people.• Offer Tennant Assistance to faithful renters who struggle. Fund the Emergency Housing program from the Covid-19 era. Manage better.• Evict Rent Scammers: Reduce the time required to evict renter's who don't pay rent. Biggest reason investors are leaving this sector.• Fast Track Project Approvals for new home construction that increase costs. Reduce the Red Tape.• Enable the Small Investor by streamline requirements and regulations, especially in Wilmington (WHA).• Fund new Housing Zones & Workforce Housing with a grant up to 20% of the capital cost. (SB 22)• Exempts affordable housing units from the 2% realty transfer tax. (SB25) <p>Summary: Enable the free-market and enable more private sector investment in more and better affordable units. This approach calls on collaboration between the landlords and the Housing Authorities and a crack down on abuse by both bad landlords and renters who don't follow the rules.</p>	<p>Expand the role of the State in Housing with new laws rules, tenant rights and State powers!</p> <p>Use State Government resources to build more public housing units, increase taxes to build more public housing and dictate tenant policies protect renters, mandate investment in low income housing, fund home ownership and slow foreclosure rates through policies. This approach began in 1960s in New York City with unsatisfactory results.</p> <p>Options and recent proposals:</p> <ul style="list-style-type: none">• Build More Public Housing using 25% of Transfer Tax to fund New Housing Units. (Housing Alliance Delaware) and divert budget money from healthcare & education to fund new constructions.• Add New Taxes: A proposed hotel/lodging tax to fund a to for affordable housing programs, SB 244.• Background Checks: Make it more difficult for landlords to refuse to rent to people with evictions and past housing problems.• Institute Rent Control: State to consider limit rent increases, and dictate policies and fees to manage the market.• Slow the Eviction Process: Allow an unintended consequence of protecting renters to enable squatters to take over vacant properties.• Fund Housing Repair and Modification for low homeowners in need of home-repair assistance, (SB 246).• Mandate Low Rent Units in new Luxury Apartment construction projects, (City of Newark)• Keeps the Office of Foreclosure Prevention to allow homeowner to renegotiate their mortgages. (SB 24) <p>Summary: This approach depends of the State re-prioritizing affordable housing as the top priority reducing spending on education and health care to review a 15 year trend in the reduction of low income housing in Delaware. This approach must also deal with the current landlords moving money out of affordable housing as an investment.</p>	<p>Enable more people to be self-supporting and earn more \$\$</p> <p>Perhaps the root cause of the issue is that too many people are not prepared to participate in our economy and if we focused here, we'd fix the problem even faster.</p> <p>Big Ideas:</p> <ul style="list-style-type: none">• Education: Invest in our Schools so graduates of Public Schools can read and better participate in the workforce.• Reduce crime, drug addition and recidivism in low income neighborhoods.• Support Home Ownership: Teach and enable people about how to pursue home ownership.• Inspire/Mentor Minority Landlords inside the community where housing is needed most.• Enable VoTech and Apprentice Programs to fill high paying jobs in carpentry and construction. <p>Summary: This approach calls for addressing the root cause. Poor education, crime and poor health care contribute to the housing crises. It seems like common sense that fixing education and health care and reducing the dependency on government will improve the housing issues permanently.</p>

Legislators To Update “Guide for Tenants and Landlords” to Clarify Rights & Responsibilities.

House Bill 381, sponsored by Rep. Kim Williams, D-Marshalltown, aims to streamline information for both tenants and landlords by requiring the Delaware Real Estate Commission to develop a comprehensive guide outlining their rights and responsibilities.

The guide will cover various legal requirements at federal, state, county, and municipal levels and will be created with input from housing-related organizations. Landlords must provide this guide to prospective tenants and upon lease renewals lasting one year or more, in either electronic or paper format.

The bill has gained bipartisan support, with representatives emphasizing the need for clear and up-to-date information to foster fair and transparent interactions between landlords and tenants.

Debra Burgos, vice president of property management at Evergreen Apartment Group, highlighted the importance of the guide, stating, “As a landlord when you’re going through this with a resident, their eyes glaze over,” she said. “So we want to make sure that the most important things are front and center and easy to read”.

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Rachel Stucker
Executive Director
Housing Alliance Delaware



Debra Burgos
Government Affairs for the DAA
Delaware Apartment Association



Cynthia Karnai
Chief Operating Officer
DE State Housing Authority



State Representative
Russ Huxtable
6th District

People Making an Impact In Delaware!

- Rachel Stucker is the Executive Director of the Housing Alliance of Delaware, and advocates for building more public housing.
- Debra Burgos is the Executive Director of the Landlord Association calling for Landlords to collaborate with Advocates to rethink Housing Vouchers and the six month eviction process of scammers.
- Cynthia Karnai is the COO of DE State Housing Authority and promised to increase the supply of “Affordable Housig.”
- State Rep Russ Huxtable rallies community leaders to create a package of bills to help make housing affordable.

Pending Legislation:

7 New Bills Housing Bills and the Homeless Bill of Rights are next!

State Senator Russ Huxtable has introduced a bi partisan package of seven bills, collectively known as “**The Housing Agenda**,” aimed at addressing the housing crisis in Delaware. These bills are designed to incentivize affordable housing construction and bolster state-run programs.

Here’s a summary of the proposed bills:

These bills represent a comprehensive approach to tackle the housing challenges faced by Delawareans.

- **Senate Bill 22:** Creates new state incentives to encourage workforce housing development, offering grants of up to **20% of construction costs** for qualified projects in high-density areas.
- **Senate Bill 23:** Directs municipalities and counties to develop new ordinances that allow for the construction of at least one accessory dwelling unit per single-family home, such as in-law units or garage apartments.
- **Senate Bill 25:** Aims to lower the cost of building new, affordable housing projects by exempting low-to-moderate-income dwelling units from Delaware’s **2% improvement tax**.

- **Senate Bill 244:** Authorizes counties to collect a new or bigger lodging tax to allocate some or all of the funds towards workforce and affordable housing programs.
- **Senate Bill 245:** Extends the Office of Foreclosure Prevention and Financial Education, and the Residential Mortgage Foreclosure Mediation Program, by removing their sunset dates.
- **Senate Bill 246:** Establishes a dedicated revolving loan fund to support home repair programs under the Delaware State Housing Authority
- **Senate Bill 247:** Designed to ensure that manufactured home communities (trailer parks) adhere to safety and health standards.

In addition to these bills, the “Homeless Bill of Right” (SB 49) aims to protect potential renters experiencing homelessness. However, the unintended consequences of the bill prevents landlords from screening potential applicants for a rental unit, make it more difficult to deny the application for a person with a track record not paying rent or following the rules. The legislators who understand economics oppose the law and what a different solutions.

COMMUNITY CALENDAR

MAY 2024

Philadelphia Radio Personality Howard Eskin Receives an honorary Doctorate in Media and Communications at the Commencement Ceremony on May 3th at Goldey -Beacom College.


Queen Theatre in Wilmington presents Mammoth WVH with Wolfgang Vah Halen, son of Delaware native Valerie Bettinelli and Eddie Van Halen on May 7th.
[www. The QueenWilmington.com](http://www.TheQueenWilmington.com)

School Board Elections will be held on May 14th between 7am and 8:00pm. Christiana, Red Clay, Brandywine and Colonial School Districts have contested elections. For more information about voting ,
Department of Election’s website.

Veterans Re-Dedication of Official Parks Ceremony on Monday May 22 at 5:30—7:30 at the Town Hall Building . Rain date is May 23.

Special Election in the 1St District to be held on May 29th 2024. For Candidates, polling locations and voter information, visit www.townofwilmington.com.

Ladybug Music Festival returns to Wilmington Delaware on May 31 on 400 & 500 Blocks of Market Street. The event features 100% Woman fronted music festival. More info at www.ladybugfestival.com





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