

Delaware State Council on Housing

Office of Management and Budget Public Hearing Testimony

November 9, 2020

Good afternoon. I am Dianne Casey, Chair of the Delaware State Council on Housing. I bring you greetings from the members of the Council, and thanks for your past and ongoing support of affordable housing in Delaware.

We, as a Council, fully support the budget presented by DSHA Director Anas Ben Addi. It has certainly been a remarkable and challenging year. DSHA rose to the challenge with new initiatives in response and even through that has kept all its normal programs running smoothly.

We understand the FY21 budget required some reductions, but hope those can be reinstated in the FY22 budget. These requested allocations to the Housing Development Fund (HDF; \$4 M), Affordable Rental Housing Program (\$6 M), State Rental Assistance Program (SRAP) (\$3 M), Downtown Development Districts (DDD; \$8.5 M) and Strong Neighborhoods Housing Fund (\$4 M) are vital, ongoing state investments. As we have found in past economic crises, investment in housing, which is leveraged many times over in other public and private investment, is an excellent economic stimulus and supporter of jobs.

As Director Ben Addi described, DSHA's impact is far-reaching across Delaware's housing market and communities. Thousands of families have bought their first home or can afford their rent in HDF-financed affordable rental housing. Foreclosures have been avoided and vacant or abandoned properties brought back to productive use in our neighborhoods and downtowns. And people with disabilities who may otherwise be in institutions now have rental assistance and can remain in the community. We are grateful for your recognition of the importance of housing as an investment in our state's economy, infrastructure, and families.

The HDF's primary role is to create and preserve affordable housing by filling the financing gaps in Housing Tax Credit development projects – a critical piece of the project finance puzzle required to make high-quality, affordable rental housing happen. You are most likely very familiar with the kinds

of projects enabled and people assisted by HDF funding, since these projects are in our neighborhoods and these people are our neighbors. The HDF also supports homeowner rehab, programs assisting Delawareans who are homeless, affordable homeownership and homeownership counseling.

Investment in our downtowns via the Downtown Development Districts (DDD) program is also an economic driver. To date the DDD program has used \$36 million in state funds to leverage \$630 million in total investment in projects ranging from adaptive reuse of vacant buildings for rental housing and commercial space to new homeownership development, and hotel, office and retail space. The State's leadership in this program has brought a sense of optimism and possibility back to Delaware's downtowns.

The Council supports these budget priorities for investment in support of Delawareans and our communities. Thank you for the hard work you are doing and for your consideration of this request.

Nonprofit Housing Agenda
DSHA OMB Budget Hearing FY2022
November 9, 2020

Good afternoon. Thank you for taking the time to consider my testimony in support of the Delaware State Housing Authority's FY2022 Budget.

My name is Sarah Rhine and I am the Policy Director for Housing Alliance Delaware. Housing Alliance Delaware is a statewide nonprofit that works to advance housing opportunities, end homelessness, and promote vibrant communities across Delaware.

I represent the Nonprofit Housing Agenda, a group facilitated by Housing Alliance Delaware. The Nonprofit Housing Agenda is a statewide coalition of nonprofit organizations that work for community development, affordable housing, and to end homelessness. The coalition includes organizations such as the Milford Housing Development Corporation, NCALL, Habitat for Humanity, People's Place and First State Community Action Agency.

The Delaware State Housing Authority's proposed budget has the full support of the Nonprofit Housing Agenda.

This past fiscal year has presented challenges that no one could have anticipated and there is a difficult road ahead.

The COVID crisis has demonstrated that access to safe, affordable housing is a universal need. The health effects of the COVID virus have devastated low- and moderate-income families and communities. These communities have faced a higher incidence of illness and have struggled to maintain stable housing, employment, access to food, schooling and childcare.

However, the COVID crisis has not created the housing crisis. It has exposed a crisis that already existed. And, the Nonprofit Housing Agenda can state with certainty, this crisis is not over. The rolling effects will be felt for years and we are here to warn you of the impact of this crisis. The Nonprofit Housing Agenda anticipates that there will be an increase in evictions, there will be an increase in foreclosures, there will be an increase in the market rate of housing and there will be an increase in homelessness.

Delaware must not ignore the current housing crisis and it must prepare for the future. The economic recovery of our state is reliant on housing. The health recovery of our state is reliant on housing. The future of Delaware is reliant on housing.

Our Workforce Must Be Housed: The housing crisis is going to affect the ability of our low- to moderate-income households to maintain housing or enter the housing market. Our frontline service sector and healthcare workers will be displaced due to market rate housing increases. Delaware must insure that individuals and families whose work makes the state function live in stable housing in communities that have a diverse ethnic, racial, and economic footprint. Diverse communities have been shown to produce a more productive workforce and have better educational outcomes. Therefore, it is imperative that the state increase support for the Delaware Housing Authority's State Rental Assistance Program which provides for rapid rehousing and its Housing Development Fund that provides for affordable housing development.

Evictions and Foreclosures Must Be Stopped: The effects of the housing crisis have not yet been truly felt in Delaware. In July, August, and September of 2020, the number of evictions filed against Delaware renters was approximately a third of the normal volume.¹ In addition, banks are not currently moving forward with foreclosures at the same rate as

¹ Evictions filed: July 522, August 490, and September 720. As compared to a normal volume of 1,500. Data from Dr. Stephen Metraux, PhD, Director, Center for Community Research and Service, Joseph R. Biden, Jr. School of Public Policy and Administration, University of Delaware.

past years. However, despite this, in the first half of 2020, Delaware had one of the highest eviction and foreclosure rates in the nation.² The current reduction of filing of evictions and foreclosures is due to court procedure and public policy. The policies protecting individuals from homelessness are going to expire, which will create unprecedented housing instability. During the past year, many Delawareans have fallen behind on rent and mortgage payments, compounded by issues of unstable income and reduction in savings. The Nonprofit Housing Agenda projects that in the next six months, Delaware will see an increase in evictions and foreclosures. Delaware's economy will only thrive if people remain in their homes. The Delaware Housing Authority must be supported as they provide assistance through the Delaware Housing Assistance Program and the Delaware Mortgage Assistance Program.

Housing Reduces Public Cost and Promotes Health: It is fiscally responsible for the state of Delaware to provide housing assistance. Many studies have shown that provision of housing subsidies to the individuals and families who need them result in a net reduction of cost to the public. The cost of healthcare is a substantial cost to the public. Delaware has seen this dramatically play out during the COVID crisis as an unprecedented number of individuals face homelessness. Homelessness increases susceptibility to the potentially deadly or lasting health effects of COVID-19 and homelessness and housing instability is on the rise for vulnerable populations. For example, in the past three years Delaware has experienced a dramatic increase in individuals over the age of 60 who are experiencing homelessness³ and these individuals are extremely vulnerable to the COVID virus and other health conditions that require costly emergency medical services and hospital care. Provision of housing is the least costly and most effective means of reducing reliance on public resources for a very vulnerable population. This is why, again, it is important to increase state support for Delaware Housing Authority's State Rental Assistance Program which provides for rapid rehousing. This program is an essential tool in the fight for Delaware's health recovery.

Past Success Must Inform the Future: As the Delaware Housing Authority works to ensure economic and health recovery through the provision of housing, Delaware must look to expand on the success of current programs. The most critical programs focus on rapid rehousing through the State Rental Assistance Program and the development of affordable housing through the Housing Trust Fund and Strong Neighborhoods Housing Fund. These programs meet a large demand as demonstrated by NCALL, Central Delaware Habitat for Humanity, and the Delaware State Housing Authority who collaborated to fund and build thirty-eight (38) homes in Dover for low- to moderate-income⁴ first time homebuyers. Ms. Rodnett became the proud owner of one of those new homes in October of 2020. With the assistance of a NCALL Housing Counselor, Ms. Rodnett was able to transition her family of five from a small, third floor apartment into a home with a large yard for her children to play. Ms. Rodnett's family is one of many that has been successfully and stably housed by the Delaware Housing Authority. Delaware must expand on this success.

The Nonprofit Housing Agenda asks that the Delaware Housing Authority budget remain stable in FY2022. However, allocation of more funding to alleviate our housing crisis is a critical need in Delaware. Access to stable, affordable housing affects the health of the individual and the wellbeing of the community. Specifically, there is an urgent need for increased funding the State Rental Assistance Program and the Housing Development Fund. **The Nonprofit Housing Agenda asks that if any COVID relief money becomes available in FY2022 that Delaware's highest priority be an increase in the budget of the Delaware Housing Authority to further the state's economic and health recovery through the provision of housing.**

² Nationwide one in every 15,337 housing units had a foreclosure filing in July 2020. States with the highest foreclosure rates were Delaware (one in every 6,489 housing units with a foreclosure filing); South Carolina (one in every 7,328 housing units); Maine (one in every 7,542 housing units); New Mexico (one in every 8,255 housing units); and California (one in every 9,194 housing units). ATTOM Data Solutions, July 2020, [U.S. Foreclosure Market Report](#). In addition, our eviction rate in past years was two times the national average. Housing Alliance Delaware, 2019, [State of Housing in the First State](#).

³ According to Delaware's Point in Time Count, the state's annual homeless census which occurs in January each year, nearly one in eight individuals experiencing homelessness in Delaware in 2020 were over the age of 60. This number was one in eight in 2019 and one in eleven in 2018. Homelessness providers expect this number to increase in the 2021 count.

⁴ Incomes at or below 120% of Area Median Income.