

Legacy: Empowering New Buyers



Need

Homeownership is the keystone to many core economic and social factors, including a family's wealth, civic involvement, health, student performance, and the greater economy. The financial crisis raised critical challenges to both the business structure of DSHA's homeownership programs and to homebuyers. New lending restrictions made it difficult for low-income households to qualify for loans, and repeat buyers who had lost substantial equity as prices fell faced a new need for downpayment and settlement assistance.

Initiative

Over this administration, we have worked to empower buyers by expanding DSHA's programs to meet these changing needs:

- **Home Again:** Expanding DSHA's low rates and assistance to repeat buyers;
- **First Time Homebuyer Tax Credit:** Made this federal tax credit available to buyers in Delaware for the first time. Buyers access a credit of up to \$2,000 annually over the life of their loan.
- **Loans for Heroes and New Construction Set-Aside:** Special set-asides of financing at reduced rates to support demand for new construction and assist veterans.

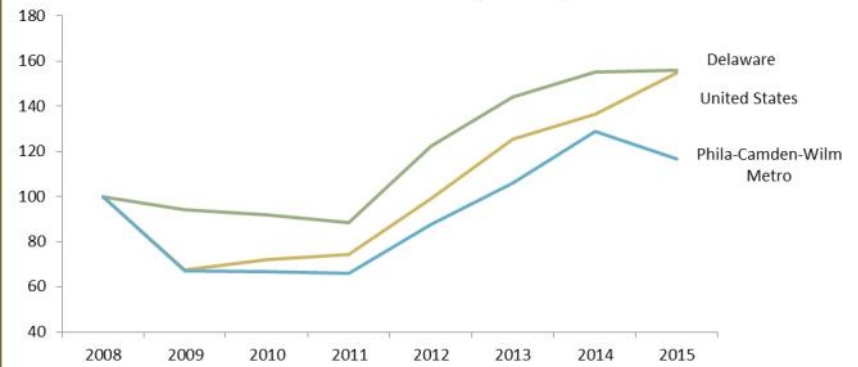
Together, these efforts have helped to sustain housing demand and economic growth as the state's economy and housing industry recovered. In 2016 we launched a new partnership with \$tand By Me to reach more potential homebuyers with financial coaching.

Impact

- Access to credit, low rates and downpayment and settlement assistance for new and repeat buyers has helped sustain housing demand and economic recovery. Since 2009, DSHA has financed \$948 million in mortgages in Delaware. From FY2009-2016, 6,500 households purchased a home with DSHA assistance.
- With estimates through the end of CY2016, we expect that DSHA in the Markell administration will have assisted more homebuyers than any previous administration. This is especially impressive given that this administration has faced the foreclosure crisis and housing market crash.
- Delaware's historically high homeownership rate has remained strong, recovering in the past two years even as national and regional rates have continued to fall.

Construction Activity Rebounds in Delaware

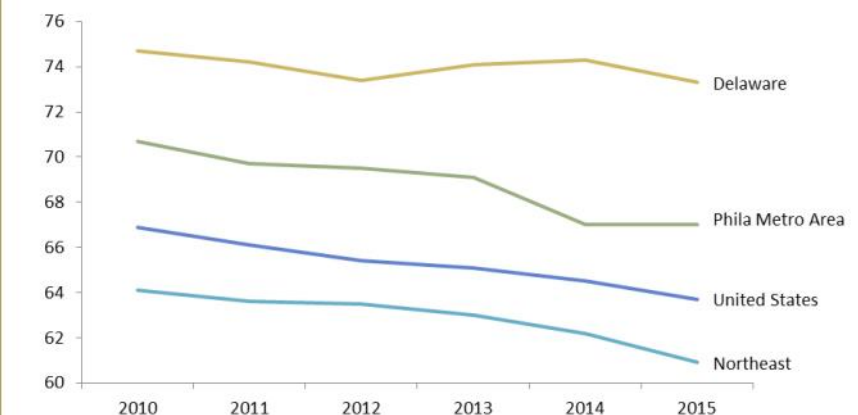
Building permits bottomed out later in Delaware (2011) than in the nation (2009), but by 2014 had recovered strongly. Access to credit for homebuyers has supported new construction demand. Permits as shown are indexed to 2008 as base (2008=100).



Source: U.S. Census Bureau, CenStats Database

Delaware Homeownership Remains Strong

The homeownership rate nationally has fallen 6% since 2008. In Delaware, homeownership fell less and has recovered, while regional and national rates have yet to reverse their decline.



Source: U.S. Census Bureau, Housing Vacancy Survey

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DSHA Homebuyer Story

Sabrina and Dean Hagans, Jr. —Welcome Home

Dean and his wife, Sabrina, bought their home in Middletown, Delaware using DSHA's Welcome Home program. Their 2 year old son was the primary push to purchase their first home. Prior to their purchase they were living with Sabrina's mother. Dean saw DSHA's homeownership commercial several times on TV and he decided to look into it. He contacted a realtor to start looking for a home and the realtor put him in touch with one of DSHA's participating lenders, who was very familiar with the DSHA homeownership loan programs and got him started on the right path. He attended Homeownership Education classes with a HUD-approved nonprofit housing counseling agency.



Dean said, "The classes really had an impact. They prepared us for the responsibilities of homeownership and I recommend all new buyers taking the classes to learn all of the different aspects of homeownership." Dean went on to add that everyone at DSHA that he dealt with was very knowledgeable and gave him concrete answers.

They now live across the street from his mother-in-law and it re-enforces their feeling that homeownership helps build communities. They look forward to raising their son in their new home.

Potential Partner Testimonials

Homebuilders Association of Delaware: Over the course of the Administration, we have improved DSHA's relationships with industry partners, including the homebuilders. HBA-DE leading member Kevin Kelly, immediate past President of the National Association of Homebuilders, is a strong ally of DSHA and supporter of both our homeownership and multifamily programs.

Partner Lender: DSHA relies on a network of private lenders to originate mortgage loans. These lenders are critical to DSHA's mortgage programs not only because they are the front door to accessing affordable homeownership programs but also because they are our eyes and ears – loan officers have direct contact with home buyers and provide valuable information to DSHA that informs program criteria and homeownership policy decisions. This year, Meridian Home Mortgage was awarded DSHA's Top Producing Lender Award. This award is given to recognize the lender that has produced the most homeowners using DSHA's products. Trident Mortgage has been another leading lender, winning this Award the previous six years.

Homeownership Counseling Agencies: Delaware's housing counseling agencies are important partners, and we have worked to develop these partnerships over the past several years. They can speak to the importance of homeownership to the households they serve, the need for DSHA programs, and the positive relationship we have developed.

Event Options

In 2010, DSHA launched a new annual Homebuyer Fair event, which has grown from 70 attendees in its first year to 500 in 2016. We have also developed partnerships to now host annual fairs in all three counties. We will continue to host events celebrating the success of new programs in addition to our annual Homebuyer Fairs and Delaware Homeownership Month celebration in June.

Legacy: Rental Housing Opportunities



Need

Affordable rental housing needs, already serious, increased as the financial crisis and recession reduced incomes and brought foreclosed homeowners back to the rental market. Even as new units were needed, we also faced a dire need to preserve existing affordable housing. In 2010, an estimated 45% of the state's affordable rental housing stock either in poor condition, aged and in need of general rehab, or in financial risk due to low reserves. We saw opportunities for DSHA to fill gaps in the state's multifamily financing market with new products, and opportunities to increase production.

Initiative

Thanks to the Administration's and General Assembly's recognition of affordable housing as an infrastructure investment and generator of economic activity, we have been able to develop robust construction and permanent lending programs and reinstated the state's multifamily bond program, accessing new sources of capital to create affordable housing in Delaware. With these changes, we have increased our baseline production from 2-3 projects per year to 4-6 projects per year. These business changes will have a lasting impact as DSHA has the tools and capacity to continue this increased production into the future.

Impact

Housing for Working Families: The affordable rental homes financed by DSHA largely serve working families. By our estimates, this administration will have created or preserved more affordable rental housing than any since 1986. We have stabilized the state's affordable housing stock and increased it by over 800 units. Since 2009, DSHA financing has supported the major rehab or creation of almost 3,000 rental units.

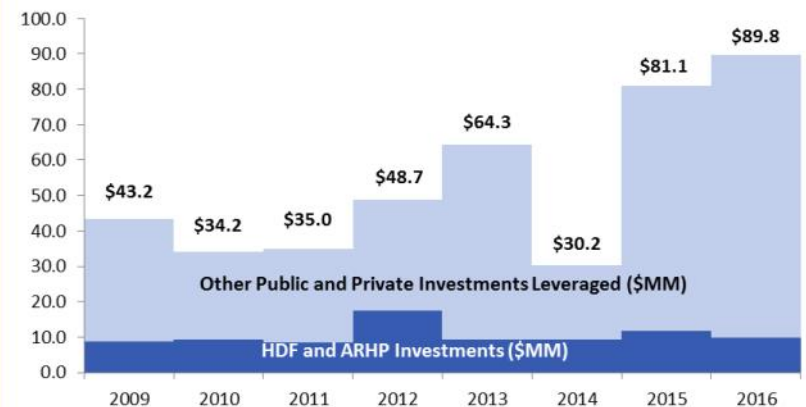
Economic Impact: From FY2009-2016, we have invested \$84 million in HDF and ARHP in affordable rental housing, leveraging an additional \$342 million in other private and public financing and creating an estimated \$600 million in other economic activity.

Neighborhood Impact: Rehabilitation projects have positive impacts on surrounding neighborhoods and properties. Other projects, like The Flats in Wilmington and Bayard Plaza in Dover, are critical pieces of broader downtown development efforts.

Preserving Federal Subsidies: Since 2009, DSHA has preserved 2,300 affordable rental units. Preserving these sites ensures these valuable federal subsidies—no longer available for new sites—remain available to Delawareans.

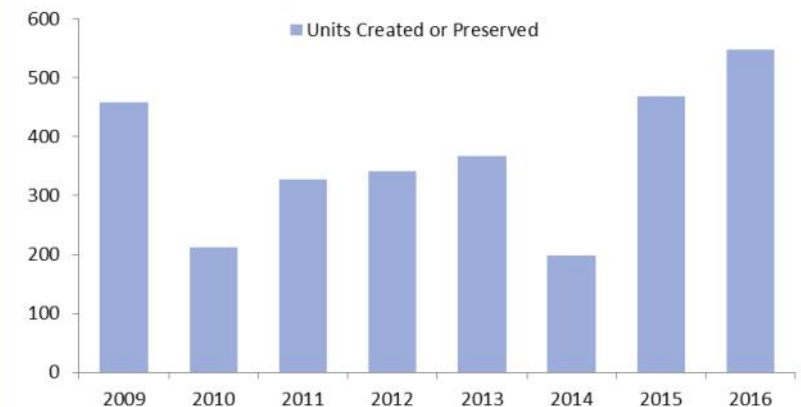
Leveraging Private Investment

From FY2009 - 2016, **\$84 million** in HDF and ARHP investments in affordable rental housing leveraged **\$342 million** in other public and private dollars.



3,000 High-Quality, Affordable Rental Homes

From FY2009 - 2016, DSHA financing supported the major rehabilitation or new construction of almost 3,000 affordable rental homes in Delaware, 24% of the privately owned, affordable rental housing stock in the state.



Legacy: Rental Housing Opportunities



Example Project: The Flats

Working in concert with other funders to revitalize and strengthen neighborhoods is an important part of the Housing Development Fund. The planned, phased redevelopment of the housing site known as The Flats is a wonderful example of a project that is rehabilitating obsolete housing stock with a variety of funding sources to provide affordable, sustainable housing in a vibrant section of downtown Wilmington with nearby entertainment, employment, and educational opportunities.

The current project, owned by the Woodlawn Trustees, includes 430 brick homes offered as affordable rental housing in the tradition of its founder William Bancroft. The redevelopment will bring 450 new units to the area on and around Bancroft Parkway and adjacent to Little Italy. Phase I, which is underway, represents a \$16 million investment in the neighborhood by the HDF, the City of Wilmington, and the Federal Home Loan Bank of Pittsburgh. WSFS is also making a \$10 million construction loan in support of the investment.

Woodlawn has already submitted an application for Phase II of the redevelopment, which also use DSHA's multifamily revenue bond program. Without the bond program, the redevelopment of this area would likely take twice as long as currently planned, given the scarcity of the competitive 9% LIHTC.

By demolishing the existing buildings and building new, energy-efficient units, we will be ensuring that Mr. Bancroft's vision for safe and affordable housing for the people that make Delaware's economy run will be available far into the future. The Flats will also be ensuring that at least 10 percent of its units are accessible and affordable to special populations like youth exiting foster care, survivors of domestic abuse, and persons with disabilities.



Potential Partner Testimonials

Homebuilders Association of Delaware: Over the course of the Administration, we have improved DSHA's relationships with industry partners, including the homebuilders. HBA-DE leading member Kevin Kelly, immediate past President of the National Association of Homebuilders, is a strong ally of DSHA and supporter of both our homeownership and multifamily programs.

Partner Lender: WSFS is a longtime DSHA partner and private lender in many rental housing projects—a local bank investing back into the state. We have focused on maintaining DSHA's relationships with lenders like WSFS.

Small Business: Architectural Alliance, a small firm based in Wilmington, is an architect for many DSHA-financed projects. As new development collapsed in the recession, AA principal Kevin Wilson reports the firm would have had to lay off staff without DSHA's continued lending and financing activity.

Event Options

We regularly join developers, other lenders, and elected officials for groundbreaking and ribbon cutting events. Governor Markell has joined us for several of these in the past year. With several sites awarded funding every year, there are ongoing opportunities to celebrate the development of new, high-quality affordable rental housing in Delaware and the positive impact these projects have on the surrounding neighborhoods, economy, and Delaware families.

Legacy: Community Housing Opportunities



Need

The availability of affordable, accessible housing has been a major barrier to efforts to increase access to community-based care for people with disabilities. A shortage of accessible units, affordability challenges for renters, and a disconnect between households in need and available units were all obstacles. Additionally, the State's Settlement with the U.S. Department of Justice in 2011 created an immediate need to dramatically increase community housing opportunities for the population covered by the Settlement and people with disabilities.

Initiative

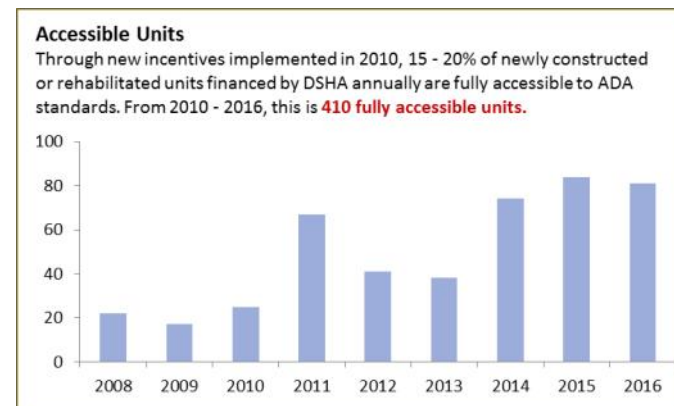
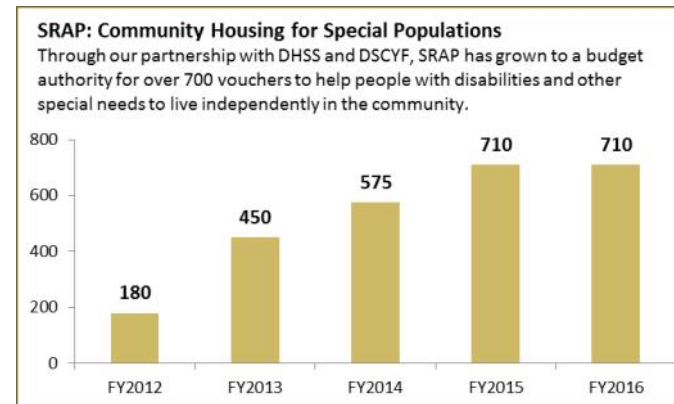
DSHA's response to this has been comprehensive, by:

- Developing the SRAP program in partnership with DHSS and DSCYF to provide rental assistance;
- Implementing program changes to increase the inventory of accessible units;
- Creating DelawareHousingSearch.org, a Delaware-specific, real-time housing search site to facilitate connections between landlords and households seeking units; and
- Successfully securing other sources of rental assistance, the Section 811 Demonstration Program.

Impact

With these efforts and through partnerships with our sister agencies, Delaware has dramatically improved access to integrated, accessible, affordable community housing for people with disabilities:

- SRAP has grown from a pilot program to budget authority for over 700 vouchers.
- Our collaborative work with DHSS has been critical to the success of efforts to reduce the census, beds, and new admissions to state-run long-term care facilities, especially the Delaware Psychiatric Center, and accomplishment of the housing goals of the Settlement Agreement;
- An average of over 15% of newly constructed or rehabilitated rental units with DSHA financing are now fully accessible: 410 units since changes implemented in 2010.
- New pioneering pilot programs to further expand the impact of the SRAP model.



Population	Avg Annual Long-term Care Cost	Avg Community Care Cost		Average Annual Cost Avoidance
		Community Care	SRAP Voucher	
DSAAPD / DMMA	\$133,732	\$24,524	\$8,252	\$100,956
DDDS	\$130,301	\$24,524	\$7,491	\$98,286
DSAMH (DPC)	\$41,920	\$14,000	\$8,121	\$19,799

Institutional and Community Care costs provided by DHSS as cited in March 2016 SRAP Report to OMB and Controller General's Office. DSAMH cost estimates reflect 60-day stay in DPC rather than full year as care provision has changed in recent years.

Legacy: Community Housing Opportunities



SRAP Populations

There are many positive, life-changing stories from the SRAP program, and several different populations served:

Family Reunification: Households are receiving services from the Department of Services for Children, Youth and their Families (DSCYF). For these families, housing is the main remaining barrier to reunification – they have already addressed other barriers such as anger management, rehab, or other issues.

Division of Medicaid and Medical Assistance (DMMA): Households receiving services and SRAP via this Division are mainly through the Money Follows the Person (MFP) program, which is assisting individuals to move from institutions to community-based care.

Division of Services for Aging and Adults with Disabilities (DSAAPD): Many DSAAPD clients in SRAP are either long-term residents of long-term care facilities, or new clients at risk of entering these facilities and were served by DSAAPD's Diversion program, which helps to arrange community-based services to avoid entering institutions.

Division of Substance Abuse and Mental Health (DSAMH): The DSAMH population is largely the target population for the state's Settlement Agreement with the USDOJ. Many are individuals who were former long-term residents of the Delaware Psychiatric Center, or at risk of entering the DPC, or other members of the Settlement target population who are in need of rental assistance to remain both stably in the community.

Youth Exiting Foster Care: Served by the Division of Services for Children, Youth and their Families (DSCYF), many of these youth are parenting as well, and the rental assistance allows them the time to continue their education, secure and maintain employment, and plan for the future to remain stably housed.

Homeless Families with Children in the Christina School District: As we have recently shared, the HomeWorks program is serving homeless families for whom the rental assistance has been critical to 1) rapidly resolve their homelessness; 2) keep their children in school; and 3) stabilize their employment and housing.

Potential Partner Testimonials

Service Providers: Community service providers have very positive feedback on the SRAP program and its impact on the people they serve. Service providers cover numerous populations, including developmental and physical disabilities (United Cerebral Palsy-Delaware; Arc of Delaware); youth exiting foster care (West End Neighborhood House); substance abuse and mental health (Connections CSP); families experiencing homelessness (Family Promise of Northern New Castle County); and others.

Christina School District: The District has been a committed partner in the HomeWorks program and can offer many moving stories of how the pilot program has helped homeless families in the District regain housing stability.

Advocates: Daniese McMullin-Powell is a well-known advocate in Delaware and a strong supporter of community-based care and independent living options for people with disabilities. She has strongly supported SRAP and our other work to develop integrated community housing opportunities and increase accessibility. Bill McCool, the Executive Director of United Cerebral Palsy of Delaware (UCP) is another strong advocate who understands the importance of housing in creating opportunities for community living for people with disabilities. UCP has partnered with DSHA on several projects for group homes and apartments and works with many SRAP clients as well.

Event Options

With the State Rental Assistance Program, either an anniversary of the program launch (which is five years in 2016) or celebration of a program milestone would be excellent event opportunities. This could be coordinated with our partner agencies and service providers to provide testimonials on the impact of the program, as well as client stories. We also hope to be launching HomeWorks with additional school districts in the next few months, and there will be opportunities to celebrate the launch of these new partnerships.

Legacy: Transforming Downtowns and Neighborhoods



Need

Housing is a critical piece of the landscape of a community and a downtown. We recognize these goals are interdependent, and must work in concert to achieve positive results for Delaware's neighborhoods and downtowns. Just building an affordable home in a highly distressed neighborhood has little impact without broader community interventions. Downtown development also depends on nearby residents to support local businesses.

Initiative

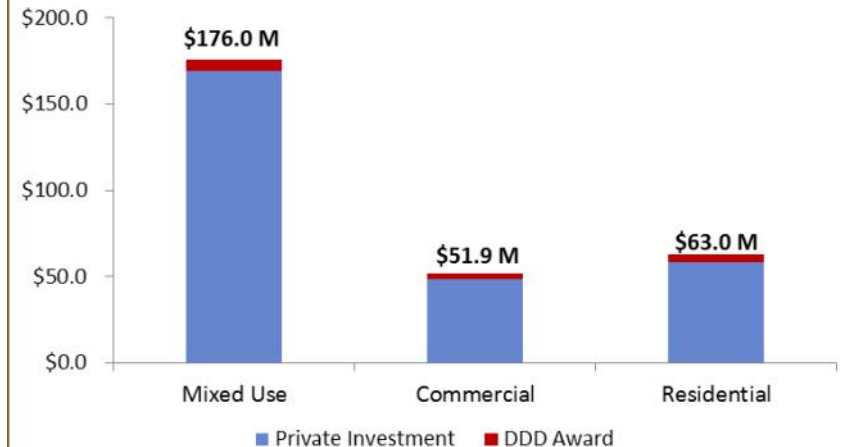
The DDD program and Settlement funds have created an opportunity to advance housing as a critical component of community and economic development strategy. At the same time, DSHA has made changes to other programs to further support these goals, and collaborated with other agencies to further focus resources on well-planned, strategic neighborhood revitalization efforts in the state's downtowns and particularly struggling communities.

Impact

- **Private Investment in Downtowns:** To date, three rounds of Large Project reservations awarded \$14.15 million in grants reflecting over \$290 million in total private investment. With the expansion to five new districts in summer 2016, we expect to see even more activity.
- **Diverse Projects:** These projects include mixed-use, adaptive re-use of vacant structures, homeownership, affordable housing for seniors, commercial and office space.
- **Layering Strategies to Stabilize Neighborhoods:** Coordinated investments in commercial property, public spaces and infrastructure, crime strategies, and housing combine for maximum impact in concentrated areas. Three of the four projects funded by the Strong Neighborhoods Housing Fund were in DDDs – demolishing or rehabbing problem properties and bringing 40 new homeowners to these downtowns. The second round with Settlement funds allocated in 2016 will support another 3-4 projects and approximately 100 homes.

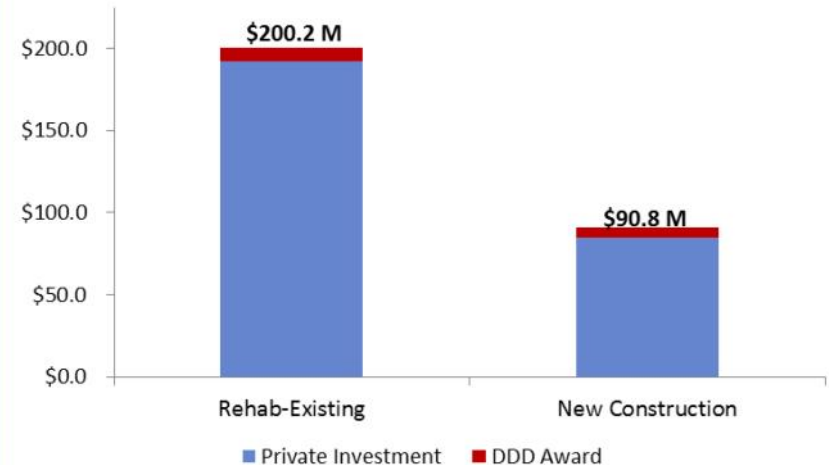
DDD Grants Leverage Substantial Private Investment

Since launch, three rounds of DDD Large Project reservations have awarded \$14.15 million in grants reflecting over **\$290 million in total private investment**.



DDD Large Projects Investments in Rehab and New Construction

Three rounds of DDD Large Project reservations have awarded \$14.15 million in grants for both rehabilitation of existing structures and new construction.



Legacy: Transforming Downtowns and Neighborhoods



DDD Example Large Project

Market Street, Wilmington

This project is a mixed-use, ground-up construction project that will provide 24 market rate, one-bedroom apartments and 2,811 square feet of ground floor retail and is part of a series of projects in the Market Street area. The properties known as 604, 606, and 608 N. Market St. have been combined to form one parcel now known as 608 N. Market St. A DDD reservation of \$528,000 is part of a total development cost of \$7.7 million.



The Residences at River Place, Seaford

This project in downtown Seaford combines mixed-use new construction, for four story masonry apartment buildings with 72 apartment units, with a pool and clubhouse/gym. This waterfront project will add much-needed rental housing in the City and bring residents to the downtown area. The DDD large project award of \$671,000 is supporting a total investment of \$11.4 million in the project.



Potential Partner Testimonials

DDD Districts: The City of Dover has been especially engaged as a DDD partner. The City performed significant outreach to lenders, realtors, business community, local main street partners, potential investors, Rotary and Kiwanis clubs, in addition to other civic and community groups. As a result, investors have been coming out of the woodwork to participate in both small and large projects.



DDD Businesses and Local Interests: Businesses who have used the DDD program and local business groups would both be positive testimonials. Groups such as the Restoring Central Dover planning committee; downtown business groups; and Wilmington Renaissance Corporation, one of the leader's of the city's Creative District efforts are just a few suggestions. Several developers and small business owners have also been happy to join us for events and conferences to give testimonials about the program.

Several of the projects funded by the Strong Neighborhoods Housing Fund, which were also in DDDs, are excellent examples of how these efforts can combine for comprehensive development efforts. These include the Rt. 9 Innovation District; Restoring Central Dover; East Side Rising and the Creative District in Wilmington.

Event Options

We have celebrated the DDD program at numerous ribbon-cutting and announcement events since the program's creation and should have the opportunity to do more of these events in the next few months, including announcing awards from the fall Large Project reservation round and second round of the Strong Neighborhoods Housing Fund.