

Chapter 8. HOUSING

Housing Vision: To ensure the provision of decent, safe, affordable, and fair housing opportunities to improve communities and quality of life for the residents of Sussex County.

8.1 OVERVIEW

Sussex County is the fastest growing county in the State. 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. However, most housing, particularly on the eastern side of the County, is new and often unaffordable to low-income families, seasonal employees, entry-level workers, or recent college graduates.

Sussex County strives to accommodate the housing needs of all of its residents and is always working to affirmatively further fair housing. The County’s Community Development and Housing (CD&H) Department leads the County’s efforts in working to satisfy the housing expectations of the State and the housing needs of its residents. This chapter presents an overview of the current housing situation in the County, what the County is doing to address housing needs and challenges, and introduces goals, objectives, and strategies to assist the County in achieving its housing vision.

8.2 SUSSEX COUNTY HOUSING SNAPSHOT

The County allows for a mixture of housing types. While the County allows for multifamily (duplexes, townhouses and apartments, etc.) the primary housing type is detached single family (stick built, modular and manufactured homes). The County has seen an increase in the number of major subdivisions applications submitted for approval over the last few years. Residential development can also be approved through Conditional Uses and as part of a Residential Planned Community. Table 8.2-1 indicates the number of subdivision applications that have been reviewed and approved over the last 7 years. Table 8.2-2 indicates the number of residential permits that have been issued since 2013. The County should consider the ability to establish other housing types or reduce the need for a Conditional Use for multifamily development.

Table 8.2-1 Subdivision Approvals (2012-2018*)							
	2012	2013	2014	2015	2016	2017	2018*
Number of Subdivision	4	14	8	6	20	20	18
Number of Units	178	911	295	47	1170	1186	1796

*2018 - applications submitted as of June 26, 2018; Source – Sussex County Planning Department

Table 8.2-2 Residential Permits Issued (2012-2018*)						
	2013	2014	2015	2016	2017	2018*
Number of Single Family Residential Permits Issued	1316	1419	1459	1615	1961	992
Number of Multifamily Residential Permits Issued (Duplexes, Townhouse & Apartments, etc.)	183	137	126	163	107	65

*2018 - permits issued as of June 26, 2018; Source – Sussex County Planning Department

Table 8.2-3 below presents an overview of Sussex County’s present housing situation. Over 60 percent of the total housing units in the County are occupied units while a large percent (36 percent) are vacant units. This large vacancy percentage is not surprising given the County’s popularity as a tourist destination as most of the vacant homes are seasonal homes. Of the occupied units, over 77 percent are homeowner-occupied.

Most of the housing units in the County (over 60 percent) are single-family detached. Additionally, most of the housing units in the County were built in 1980 or later.

Table 8.2-3 Summary of 2015 Sussex County Housing Statistics		
	Number	Percent
Total Housing Units	127,680	--
Occupied Units	81,183	63.6%
Owner-Occupied	62,989	49.3%
Renter-Occupied	18,194	14.2%
Vacant Units	46,497	36.4%
For rent	1,524	1.2%
Rented, not occupied	113	0.1%
For sale only	2,528	2.0%
Sold, not occupied	377	0.3%
Seasonal, recreational, or occasional use	37,501	29.4%
For migrant workers	125	0.1%
Other vacant	4,329	3.4%
Age of Housing Units		
2010 or later	3,859	3.0%
2000 to 2009	37,836	29.6%
1990 to 1999	24,296	19.0%
1980 to 1989	22,852	17.9%
1970 to 1979	15,043	11.8%

Table 8.2-3 Summary of 2015 Sussex County Housing Statistics		
	Number	Percent
1960 to 1969	8,773	6.9%
1950 to 1959	5,596	4.4%
1940 to 1949	2,895	2.3%
1939 or earlier	6,530	5.1%
Housing Units by Structure		
Single-Family Detached	79,408	62.2%
Single-Family Attached	9,957	7.8%
2-4 Units	3,747	2.9%
5+ Units	11,331	8.9%
Mobile Homes	23,178	18.2%
Boat, RV, van, etc.	59	0.0%

Source: U.S. Census Bureau, 2015 ACS; GCR Incorporated, Delaware Statewide Housing Needs Assessment 2015-2020

Note: Vacant units include both unsold and unused structures

8.2.1 Housing Affordability

The strong demand for housing has driven up home prices and apartment rentals to new heights. Sussex County's low- to moderate-income households are hit hardest by these price increases due to the disparity between the slower rise in household incomes as compared to increases in the overall cost of living, especially the cost of housing. The shortage of affordable housing remains a very real problem for low to moderate income households in Sussex County, including many with full-time, year-round jobs.

The housing market in eastern Sussex County is the fastest growing and most expensive housing market in the State. The Delaware State Housing Authority (DSHA) Needs Assessment defines eastern Sussex as those Census tracts that include the beach communities as well as more inland communities that are capturing much of the retiree market, including, Millsboro and Milton. Approximately 40 percent of the population is over 55 years of age in eastern Sussex.

Almost half of the homes in eastern Sussex County are valued at more than \$300,000 (DSHA, 2014). As eastern Sussex County is a tourism hub, it relies on workers in the service and retail industries. According to the Delaware Housing Needs Assessments, some of Delaware's strongest industries (health care, tourism and retail) have many low and moderate wage workers, creating a demand for workforce housing. The report found that there is a shortage of housing affordable to workers within these industries, particularly in the high-growth areas of eastern Sussex County. As a result, these workers are required to commute further distances from areas in western Sussex County where housing is more affordable. This leads to increasing transportation costs and creates dependency on automobile travel.

The DSHA Housing Needs Assessment defines western Sussex as those Census tracts that comprise the western part of the County, including the Route 13 corridor communities and Georgetown. Property values in western Sussex County are much lower than in the eastern part of the county, and growth in the housing market is much slower. Almost 20 percent of the owned homes in western Sussex County are valued at less than \$100,000 (DSHA, 2014). In addition, incomes are significantly lower and poverty rates are higher in western Sussex. Over 36 percent of households living in western Sussex earn less than \$25,000 per year versus 30 percent in eastern Sussex.

Any housing where residents spend less than 30 percent of their household income on housing-related expenses is considered affordable. However, the lower the overall household's income, the more challenging it is to find rental or ownership opportunities that do not exceed the 30 percent affordability threshold. According to the DSHA Needs Assessment, almost half of all renters and one-third of all homeowners have housing challenges (also known as cost-burdened), defined as paying more than 30 percent of their income or living in overcrowded or substandard housing conditions. The challenges are most severe among renters earning less than 50 percent of Area Median Income (AMI). Table 8.2-4 depicts AMI limits according to the U.S. Housing and Urban (HUD) Development Department for FY17 in Sussex County. The AMI in Sussex County is \$65,900, which is lower than the AMI in both New Castle County (\$83,200) and Kent County (\$66,500).

Table 8.2-4 HUD FY 2017 Income Limits Summary for Sussex County									
Median Income	FY 2017 Income Limit Category	Persons in Family							
		1	2	3	4	5	6	7	8
\$65,900	Low (80%) Income Limits (\$)	36,900	42,200	47,450	52,700	56,950	61,150	65,350	69,600
	Very Low (50%) Income Limits (\$)	23,100	23,100	23,100	23,100	23,100	23,100	23,100	23,100
	Extremely Low Income Limits (\$)	13,850	13,850	13,850	13,850	13,850	13,850	13,850	13,850

Source: HUD FY 2017 Income Limits Documentation System

* The definition of extremely low-income is the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50 percent very low-income limit.

Table 8.2-5 depicts monthly housing costs in Sussex County as a percentage of household income over the past 12 months. In general, those earning lower incomes and those in renter-occupied housing spend 30 percent or more of their income on monthly housing costs.

Table 8.2-5 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	13.1%	10.5%	22.2%
Less than 20 percent	1.0%	1.1%	0.9%
20 to 29 percent	1.8%	1.6%	2.5%
30 percent or more	10.3%	7.8%	18.7%
\$20,000 to \$34,999	15.7%	14.7%	19.3%
Less than 20 percent	3.8%	4.7%	1.0%
20 to 29 percent	3.1%	2.8%	4.1%
30 percent or more	8.8%	7.2%	14.2%
\$35,000 to \$49,999	14.5%	14.4%	15.2%
Less than 20 percent	5.5%	6.4%	2.3%
20 to 29 percent	3.5%	2.8%	5.8%
30 percent or more	5.5%	5.1%	7.0%
\$50,000 to \$74,999	19.9%	21.3%	14.8%
Less than 20 percent	9.7%	10.9%	5.4%
20 to 29 percent	6.0%	5.8%	6.9%
30 percent or more	4.1%	4.6%	2.5%
\$75,000 or more	33.4%	38.3%	16.5%
Less than 20 percent	24.8%	28.3%	12.6%
20 to 29 percent	6.7%	7.5%	3.8%
30 percent or more	1.9%	2.5%	0.1%
Zero or negative income	1.0%	0.9%	1.2%
No cash rent	2.4%	(x)	10.9%

Source: U.S. Census Bureau, 2011-2015 ACS 5 year estimates

Table 8.2-6 depicts rental and homeownership demand by income in the County. Most of the rental and homeownership demand is in eastern Sussex County where home prices and rents are the highest.

Table 8.2-6 Rental and Homeownership Demand by Income (2015-2020)						
		<30% AMI	30% to 50% AMI	50% to 80% AMI	80% + AMI	TOTAL
Rental Demand	East Sussex	165	215	200	550	1,130
	West Sussex	220	140	170	290	820
Home-ownership Demand	East Sussex	510	560	1,265	1,295	3,630
	West Sussex	200	240	485	490	1,415

Source: DSHA Quarterly Affordability Gap Report, GCR Inc.

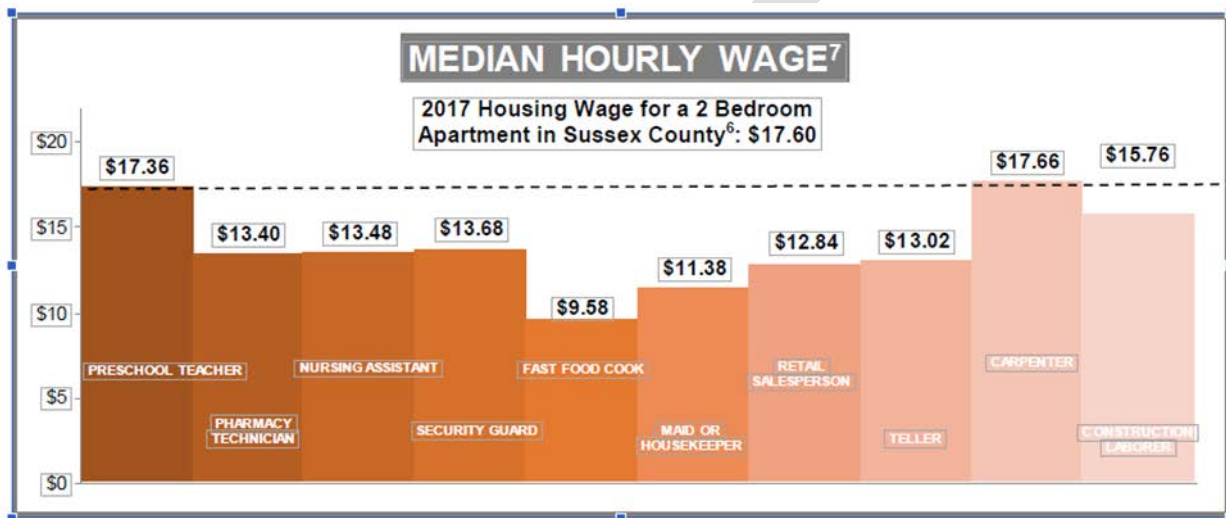
Home ownership is a challenge for many workers in Sussex County. Table 8.2-7 depicts the affordable housing surplus/gap in the County. The median home price in Sussex County was \$295,618 in the first quarter of 2017. For comparison, the median home price in Kent County was \$198,750, and was \$208,000 in New Castle County. For a worker in Sussex County making 100 percent of the median income, there still would be a \$30,000 affordability gap if he or she wanted to purchase a home. The gap grows as workers make less of the median income. For example, the amount affordable to a worker in Sussex County who makes 50 percent of AMI is \$110,969, creating an affordability gap of \$184,649.

Table 8.2-7 Affordable Housing Surplus / Gap 2017					
	Affordable Housing Thresholds		Fair Market Rent (FMR) & Median Home Price (MHP)		Surplus or (Gap)
	2017 HUD MFI Median income for a Sussex County family: \$65,900	Affordable Rent (low-income, 30% AMI)	\$464	1 Bedroom FMR, year	
2 Bedroom FMR, year				\$987	(\$523)
3 Bedroom FMR, year				\$1,347	(\$883)
Affordable Home Price (Qualifying Mortgage Amount for low income, 50% AMI)		\$110,969	MHP, 1st Quarter, 2017	\$295,618	(\$184,649)

Sources: Delaware Statewide Housing Needs Assessment; HUD FY 17 Median Family Income Documentation System; DE State Housing Authority Median Home Prices and Affordability Ranges First Quarter 2017; Who Can Afford to Live in Delaware Report (2016).

For many workers in Sussex County, rental costs may also be a challenge. As shown in Table 8.2-7 above there is an affordability gap for renters in Sussex County. Figure 8.2-1 below depicts median hourly wages for selected professions. The average rental cost of a two-bedroom apartment in Sussex County aligns with a median hourly wage of \$18.98. Many service industry professions provide median hourly wages less than \$18.98, making rental housing less affordable to employees in those industries. According to the Housing Alliance Delaware’s 2017 report, “The State of Housing & Homelessness in The First State” a minimum wage worker would have to work 85 hours per week in order to afford a two-bedroom, fair market rent apartment in Sussex County.

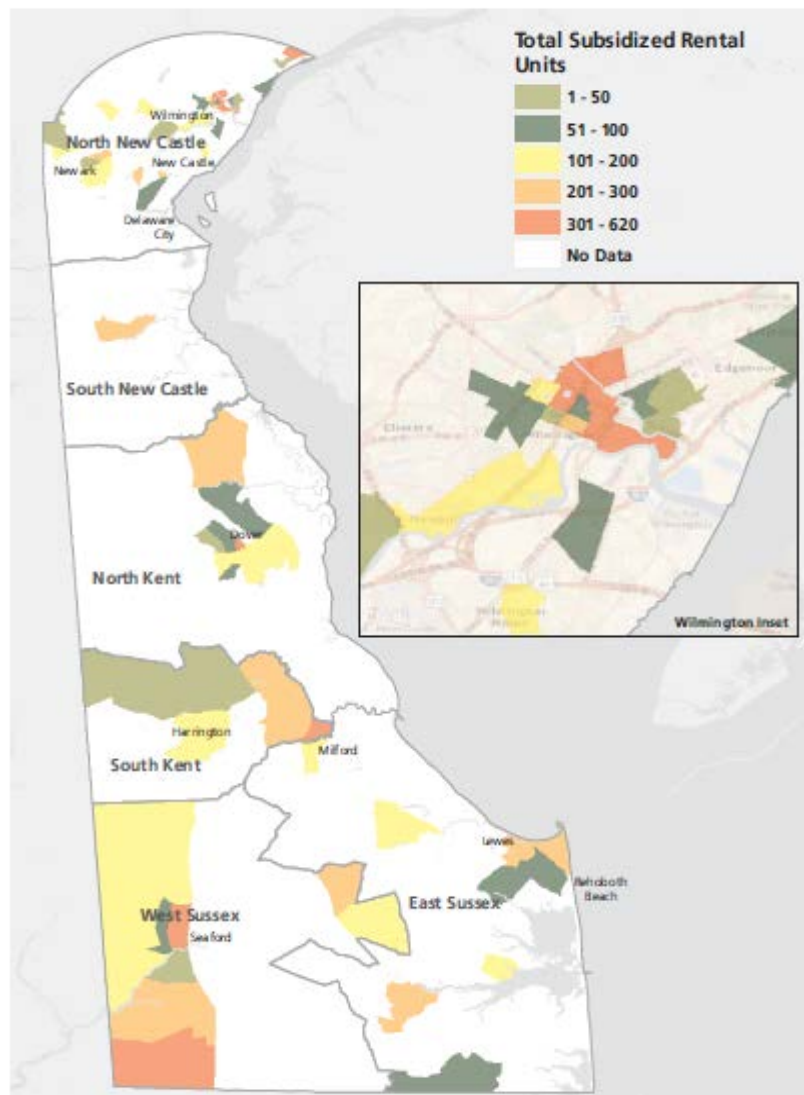
Figure 8.2-1 Median Hourly Wage in Sussex County for Selected Professions



Source: DSHA Sussex County Housing Fact Sheet, 2018

Many individuals rely on subsidies for housing to help fill the affordability gap. According to the DSHA Needs Assessment, there are over 3,100 subsidized rental units in the County. Many of these (14 developments and 555 units of subsidized rental housing) are over 25 years old without substantial rehab. Figure 8.2-2 shows that many of the subsidized housing units in Sussex County are in the west near Georgetown, and near the beach communities of Lewes and Rehoboth Beach.

Figure 8.2-2 Subsidized Housing Units by Census Tract 2013



Source: DSHA Housing Needs Assessment, 2014

Manufactured homes can create affordable housing opportunities. According to the Corporation for Enterprise Development (CFED), a national non-profit organization, the average cost per square foot of manufactured homes is less than half that of site-built homes. Yet despite sometimes disparaging stereotypes, properly built and well-managed manufactured home communities grow in value and can be community assets. 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 23,178 manufactured homes in 2015. This represented 18.2 percent of all homes in the County. For

comparison, Kent County has 8,996 manufactured homes (13.4 percent of total housing units) and New Castle County had 5,164 manufactured homes (2.4 percent of housing units).

The County is working hard to create more affordable housing opportunities in Sussex. More information about County initiatives that support affordable housing in Sussex County is described in Section 8.3 below.

8.2.2 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 many housing units that need rehabilitation.

The 2014 Delaware Housing Needs Assessment Report estimated that in the State of Delaware there are more than 18,000 substandard housing units. Substandard housing is defined as homes that are vacant and abandoned; homes that are occupied but are in unlivable conditions; and homes that are occupied and in disrepair. The same report estimated that there are 4,097 substandard units in Sussex County (3.2 percent of all units). Of these, 3,209 are owner-occupied and 888 are renter-occupied.

A priority for Sussex County is to preserve the existing housing stock through rehabilitation. Section 8.3 below discusses Sussex County's rehabilitation funding programs.

8.2.3 Homelessness

According to the DSHA Housing Needs Assessment, over 8,000 people in Delaware experience homelessness each year. These include the chronically homeless, veterans, persons with alcohol and drug addictions, and families with children. There are also other groups that are at-risk of becoming homeless. These may include ex-offenders re-entering the community, victims of domestic violence, and youth aging out of foster care.

Approximately 13 percent of people experiencing homelessness in Delaware live in Sussex County. Point in time data (2017) provided by Housing Alliance of Delaware indicated that 126 homeless people in Sussex County are sleeping in temporary shelters or on the street. The Housing Alliance also estimates that 400 people will experience homelessness in the County at some point in 2017.

Many of the homeless in both Delaware and in Sussex County are veterans. In order to reduce veteran homelessness, Sussex County (along with five of its towns), participate in the national Mayors Challenge to End Veteran Homelessness. As part of this initiative, the State of Delaware worked in a coordinated effort with non-profits, faith-based organizations, and government sectors to identify 556 homeless veterans between January 2015 and January 2017, and was able to provide housing for 453 of these veterans. In addition, 100 of these veterans were able to receive permanent housing in Sussex County.

Homelessness also can be dangerous during times of severe weather and storm events. There are 58 emergency shelter beds in the County. This number can be expanded to 75 beds when

nighttime temperatures fall below 32 degrees Fahrenheit, utilizing Code Purple cold weather shelters. However, these beds are still not sufficient to accommodate the estimated homeless population in Sussex County.

There are a number of non-profit groups operating in the County that provide assistance to the homeless and families at risk of homelessness. These groups operate shelters, provide emergency housing to those at risk of homelessness, provide services to shelter residents, case management, and provide outreach to residents currently living on the street. Sussex County supports non-profits and other stakeholders working to reduce homelessness in the County, including the implementation of year-round low-barrier shelters, and the exploration of ways to expand Rapid Re-Housing to reduce displacement. The County is also considering ways to support the repurposing and redevelopment of vacant properties to reduce homelessness and displacements in the County.

8.3 SUSSEX COUNTY HOUSING INITIATIVES

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

The main goals of The Sussex County Community Development and Housing Department (CD&H Department) are to preserve Sussex County's housing stock and promote fair and affordable housing. Its work also furthers Sussex County's mission to promote non-discrimination and affirmatively further fair and equal housing opportunities for all, and to inform housing developers and the general public that the County supports the development of affordable housing opportunities in Sussex County. Since 1990, the Department has assisted more than 3,600 families with housing needs.

The CD&H Department provides and manages grants and loans for housing rehabilitation, water and sewer hookup, demolition, and small infrastructure projects, which are provided to low- to moderate-income residents in Sussex County.

The CD&H Department administers a variety of housing programs that have contributed to hundreds of renovations to preserve the affordable housing stock in Sussex County. However, there are still unmet needs for housing rehabilitation in the County. There are currently over 1,000 homes on the waiting list to receive rehabilitation assistance from the County, but due to funding constraints, the County can only rehab approximately 150 homes per year. The sections below outline the various housing initiatives and efforts the County is taking to continue to expand its reach in providing assistance to Sussex County residents.

8.3.1 Housing Rehabilitation and Related Assistance

As discussed above, the County faces challenges concerning the quality and condition of its housing stock. A large focus of the CD&H Department is on programs that preserve the affordable housing stock. The CD&H Department will continue to expand and promote these housing rehabilitation and related assistance programs outlined below.

8.3.1.1 Community Development and Block Grant (CDBG) Program

The CD&H Department administers the U.S. Housing and Urban Development Department's (HUD) Community Development and Block Grant (CDBG) Program. According to HUD, the Program's objectives are to develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for persons of low to moderate income. The Program also requires that the home must be the primary residence of the homeowner, and the homeowner must be a permanent resident of Sussex County. Through the County's CDBG Program Guidelines, the County adheres to the federal and state requirements associated with the Uniform Relocation Act (URA) if relocation of housing applicable.

Further, through the CDBG Program, the County enters into a Programmatic Agreement with the National Advisory Council on Historic Preservation and the State Historic Preservation Office (SHPO) to ensure that the integrity of historic properties is maintained during CDBG eligible activities.

The primary goal of the CDBG Program is to preserve the housing stock throughout the County. By rehabilitating substandard homes, it ensures the affordability of those homes in the future. The Delaware Statewide Needs Assessment classifies a substandard home as one that is 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 there are 4,097 substandard units in Sussex County (3.2 percent of all units).

The CDBG Program is the largest funding source used by the CD&H Department. Since FY10, the County has spent more than \$5.7 million in CDBG funds and helped repair or rehabilitate more than 700 properties. The CD&H Department applies for funding on behalf of local municipalities who request assistance from the County. Funding is funneled through the Delaware State Housing Authority who receives CDBG funds directly from HUD since the County is not currently an Entitlement Community. Until recently, the County previously did not meet the population requirement of 200,000 in order to be eligible for direct funding from HUD. As a result, funding is subject to State CDBG Program Guidelines. However, as of the last U.S. Census, the County population now exceeds the threshold needed to become an Entitlement Community. As such, the County should consider pursuing HUD Entitlement Community status.

8.3.1.2 HOME Investments Partnership Program (HOME)

The CD&H Department administers HUD's Home Investment Partnerships Program (HOME). HOME provides formula grants to states and local governments to fund a wide range of activities, including building, buying, and/or rehabilitating affordable housing (HUD, 2017). It is designed exclusively to create affordable housing for low-income households.

The program is offered statewide by DSHA and provides financial assistance to affordable housing providers. For Sussex and Kent County governments, DSHA directs that HOME funds are earmarked for owner-occupied housing rehabilitation projects. Since 2013, Sussex County

has used \$2.5 million in HOME funds for owner-occupied home repairs and rehabilitation of almost 200 homes.

8.3.1.3 Neighborhood Stabilization Program (NSP)

The CD&H Department also administers the Neighborhood Stabilization Program (NSP 1 & 2). Congress established the NSP for the purpose of stabilizing communities that have suffered from foreclosures and abandonment (HUD, 2017). HUD provides funding for the purchase and redevelopment of foreclosed and abandoned homes and residential properties. It also provides for the creation of a second mortgage finance mechanism (DSHA, 2017).

For the State of Delaware NSP, HUD provided \$19.6 million to the Delaware State Housing Authority in March of 2009. DSHA then allocated those funds to local jurisdictions through a competitive process based on need and on each applicant's proposed impact statewide. Over \$2.3 million in NSP 1 funds have been invested in properties in Sussex County, assisting 33 households.

HUD made a second round of NSP funding available in May of 2009 (NSP 2) and DSHA was awarded \$10 million in NSP 2 funding. To date, over \$1 million in NSP 2 funding has been utilized in Sussex County, assisting 12 households.

8.3.1.4 Housing Preservation Grant (HPG) Program

The CD&H Department administers the USDA's Rural Development Housing Preservation Grant (HPG) Program to renovate homeowner-occupied units. It is a competitive grant that provides for the rehabilitation of homes for those with low incomes. Eligibility for HPG Program funding requires that the home be owner-occupied. The USDA specifies that "low income" is defined as income between 50 percent and 80 percent of the Area Median Income, and "very low income" is defined as income less than 50 percent of the Area Median Income. In the past six years, the County has spent over \$122,000 in HPG Program funding in the County. The County focuses this funding on very low-income households. It is primarily used for small, owner-occupied housing rehabilitations and handicap accessibility.

8.3.1.5 Sussex County Emergency Repair Program

Since FY13, Sussex County Council has provided over \$1 million in Emergency Rehabilitation Funds to assist over 300 households in need of emergency housing repairs. Funding is prioritized for those individuals with disabilities, individuals 65 years of age or older, households at or below 30 percent AMI, and veterans.

8.3.1.6 Sussex County Emergency Repair Program

Since FY10, Sussex County Council has provided over \$1 million in Emergency Rehabilitation Funds to assist over 300 households in need of emergency housing repairs. Funding is prioritized for those individuals with disabilities, individuals 65 years of age or older, households at or below 30 percent AMI, and veterans. Some uses of the funding include repair or replacement of damaged pipes, creation of handicap ramps, heater repair or replacement, installation or repair of water pumps, installation or repair of roofs, shower accessibility, and electrical work.

8.3.2 Property Maintenance and Substandard Housing

Multiple departments in the County play a role in property maintenance and substandard housing issues. The Constable's Office responds to resident complaints of substandard rental housing conditions. In the fall of 2015, the Constable's Office condemned and placed Corrective Action Plans on two housing units, which prompted the development of a formal Rental Unit Complaint Process. The new Complaint Process allows the County to receive and respond to complaints regarding substandard rental housing standards, and work closely with the owner/landlord to ensure that repairs are made. As this is a new process, it may be unfamiliar to many residents. As a result, the County will engage in additional education and outreach efforts to spread information about the program.

While the Rental Unit Complaint Program is designed to assist tenants in reporting substandard rental housing conditions, the County is considering measures to assist landlords in improving housing before it reaches substandard conditions. The County will consider development of a process to work with landlords who have limited access to resources to bring properties up to code in a manner that supports, rather than penalizes, those seeking assistance to improve their housing stock.

There are also some housing situations in the County where changes to County Code may be necessary in order to ensure the provision of safe and decent housing for County residents. For example, the County may wish to consider an ordinance with rules and regulations governing campgrounds as there have been instances in the County where seasonal campgrounds have become locations of permanent housing with people living in substandard conditions. This would fall under the purview of the Planning and Zoning Department and Zoning Code.

There are also many dilapidated and abandoned structures within the County that not only are aesthetically unpleasing but also pose a safety risk. It is unknown how many of these structures exist and their locations. As a result, the County may consider developing a method to identify and track these dilapidated and abandoned structures.

Furthermore, there are cases where the ownership structure of a property that is in disrepair is unclear present challenges to home repair through the County's existing resources. In these situations, it may be costlier to clear title than it would be to perform the repairs. Therefore, the County is considering ways to facilitate home repairs and maintenance on properties with these challenges.

8.3.3 Homeownership and Rental Programs

The County has two voluntary inclusionary zoning programs that it uses to further promote more affordable housing and promote a wider range of housing options.

8.3.3.1 Sussex County Moderately Priced Housing Unit (MPHU) Program

In January 2006, the Sussex County Council introduced and approved the Moderately Priced Housing Unit (MPHU) Program. The MPHU was amended in 2007 and again in 2013. This initiative provides incentives for developers to build moderately priced housing units, including

expedited review and density bonuses to developers who build homes affordable to people within 50 percent and 125 percent 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 percent and 30 percent more units than otherwise allowed (based on income tier targeted).

The projects must be: a) owner-occupied housing; b) located in a growth area as defined by the County Comprehensive Plan, or land that is designated on a town's comprehensive plan as lying within the town's growth and future annexation area; c) 15 percent of the units must be affordable to households within 50-125 percent of HUD's AMI; d) connect with public water and sewer facilities; and e) must contain a minimum of 35 units.

Homebuyers must live and work in Sussex County for at least one year and be income-eligible to participate. They must earn between 50-125 percent of HUD's AMI. The homebuyer must be the primary occupant of the house and the house must be their primary residence.

The MPHU Program is voluntary, and individual projects are subject to County approval. The County established the program to meet the needs of low- to moderate-income residents, as well as to entice young professionals to stay in Sussex County. One of the goals of the program is to educate young professionals that there is affordable housing available if they were to return home to Sussex County for employment. Another goal is to limit the commuting distance to the workplace. The program can create housing close to employment opportunities, thereby contributing to reduced commuter costs and less traffic.

To ensure that MPHUs will remain affordable, the program imposes affordability restrictions. The program uses deed restrictions to guarantee the re-sale prices of these homes remain affordable for a 20-year period.

8.3.3.2 Sussex County Rental Program (SCRP)

The County recognizes that without an adequate supply of affordable rental housing in close proximity to employment and town centers, the County's workforce must commute a great distance for work. Not only do long commutes have a negative effect on the environment and transportation, but commuting also comes with high fuel expenses.

Sussex County passed the Sussex County Rental Program (SCRP) ordinance in 2008. The SCRП was created because of the significant lack of affordable rental housing in the County to meet the post-housing bubble demand. In 2016, there were over 17,000 renter households in the County that faced a shortage of affordable rental units. Further, the Delaware State Housing Authority currently maintains a consistently lengthy 18-48 month waiting list of 12,500 applicants for public housing and housing choice vouchers.

The SCRП provides incentives for developers to construct affordable rental units through tools such as a density bonus and an expedited review. However, as a result of the housing market collapse of 2008-2009, the program did not receive many applications. The County recently amended the program in November 2016 to reflect real world market applications. Some of the changes included reducing the required percentage of affordable units set-aside from 15

percent/40 percent to a flat rate of 12.5 percent of total units. In addition, it set fixed rental rates by bedroom-size based on 50 percent AMI. Although the County has not received any applications since the changes to the ordinance were made, CD&H is working to promote the program.

8.3.3.3 Other Homebuyer and Rental Assistance Efforts

The CD&H Department also engages in a number of other efforts to assist homeowners and renters with their housing needs. For example, Sussex County held its third annual Homebuyer's Fair in the fall of 2016 to provide individuals and families interested in homeownership with their credit information, an approximation of what house price range they might qualify for, and a preliminary work plan to become mortgage ready. Participants received a free copy of their credit report and a mini-counseling session with a HUD-approved housing counselor. Participants also had access to vendors and exhibitors with different programs, opportunities, and resources available for potential homebuyers. The CD&H Department hopes to partner with local agencies to offer this event annually.

Additionally, the County invests in resources such as DelawareHousingSearch.org that assist individuals with locating homes to rent, homes to buy, accessible housing and veteran housing. The County is also interested in finding ways to identify rental units throughout the County to further assist in matching tenants looking for housing with landlords.

There are also a number of new tools and initiatives the County can consider to assist homebuyers or renters. Fees associated with building permits, sewer hook-ups, and other initial housing costs are often a challenge for homebuyers with limited income. The County may consider if a sliding scale fee structure for homebuyers below a certain income threshold is feasible.

8.3.4 Cooperation with Non-Profit Housing Entities

Cooperation with non-profits is essential for extending the County's reach in meeting its housing goals, particularly with regard to affordable housing. There are numerous non-profit housing organizations operating in the County ranging from those that promote affordable housing to those that work to reduce homelessness. The CD&H Department maintains a list of these organizations and regularly connects residents with these organizations and their resources. The CD&H Department also regularly attends meetings of these groups.

Sussex County Council supports non-profits financially by making grants available for non-profit agencies to assist with housing programs through two means. Human Services Grants are made available annually to countywide, non-profit agencies to enhance health and human services, which contribute to a safe, healthy, and self-sufficient community. Throughout the year, the Sussex County Council provides grants through its Non-Profit Grant Program to non-profit agencies to assist with resources in support of programs, or capital purchases that would benefit Sussex County residents.

Sussex County will continue to expand its relationships with non-profit housing organizations, and continue to provide these organizations with grants and technical assistance. 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 support these efforts. In addition, these organizations play an important role in assisting the County with its efforts to increase education and awareness of the County's housing assistance programs.

8.3.5 Furthering Affordable and Fair Housing

Sussex County strives to promote non-discrimination and ensure fair and equal housing opportunities for all. Further, to inform housing developers and the public that the County supports the development of affordable housing opportunities in Sussex County. Sussex County promotes racially/ethnically diverse, mixed income, affordable housing all areas under its jurisdiction. Accordingly, developers are encouraged to provide affordable housing opportunities to Sussex County residents in all new developments, affirmatively market those affordable housing units to diverse populations, and meet with the surrounding residents early in the development approval process.

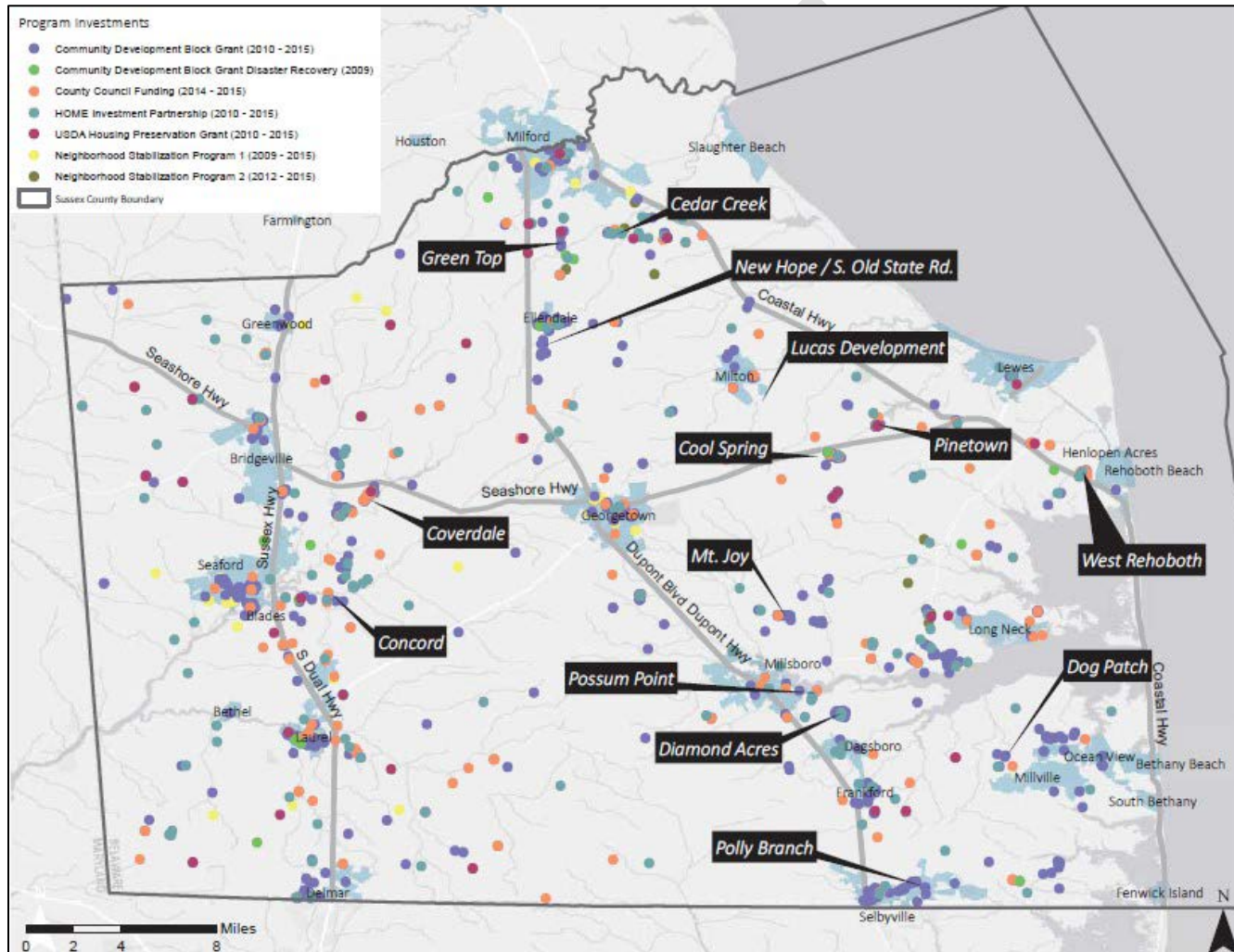
Sussex County has an Affordable Housing Support Policy, supporting the development of affordable housing in Sussex County. The policy defines what the County considers affordable housing and affordable rental housing projects. The County also provides letters of support to developers of affordable housing projects seeking financing opportunities, provided that the project qualifies under the definitions defined in the policy. Support letters for affordable rental housing projects will only be authorized if the project is proposed in an Area of Opportunity, as defined by the DSHA. These Areas of Opportunity are considered areas of strong, high value markets where new affordable housing opportunities should be supported. The DSHA provides an online map available through its website where users may view the Areas of Opportunity in Sussex. The State updates this data annually and it is automatically reflected in the maps. The County also provides for a deferral of sewer impact fees up to one year for non-profit developers constructing affordable housing.

In addition to furthering opportunities for affordable housing, Sussex County also promotes fair housing. The Sussex County Council adopted a Fair Housing Policy in December 2012, which was subsequently revised in 2013 to reflect additional Anti-NIMBY language. It is the policy of Sussex County to comply with the Fair Housing Act, as amended, and the Delaware Fair Housing Act, by ensuring that its officials, agents, and employees will not discriminate in any aspect of housing based on the following protected classes: race, color, religion, national origin, handicap/disability, familial status, sex, creed, marital status, age, sexual orientation, source of income, or gender identity. The County developed an Affordable and Fair Housing Marketing Plan in 2013 that aims to guide related efforts and outreach. The plan continues to be adjusted and amended to reflect additional needs and efforts. For example, Sussex County has developed an online resource center available through the County's website where people can find information regarding affordable and fair housing from Sussex County Government, upcoming events, and access fair housing resources at the State and Federal levels. Members of County-

appointed boards and commissions, elected officials, and County staff have attended fair housing training. The County is continuing to encourage more staff and officials to attend annual training, and also encourage diversity in appointments for its land use boards. The County also has an opportunity to partner with stakeholders to provide training and technical assistance to municipal leaders and others about fair and affordable housing.

In addition, the County is working to implement its Impacted Communities Study. The study evaluated 14 communities in the County to determine individual and community needs. Evaluation of the Impacted Communities included an analysis of residents' responses to questions about the prioritization of their individual and community needs, a geographic assessment of each Impacted Community, and an evaluation of the County's past participation of providing funding for owner-occupied housing rehabilitation, trash disposal, roadway crusher run installation, well and septic installation and repair, public water and sewer system hookup, afterschool and community programs, street lighting and construction for accessibility within the Impacted Communities. The Impacted Communities are depicted on Figure 8.3-1. The study also evaluated the County's investments within the impacted communities. Between FY09 and FY16, the County provided 308 investments totaling over \$1.6 million.

Figure 8.3-1 Location of Sussex County Impacted Communities and Community Development and Housing Investments, 2009-2015



Source: Impacted Communities Study, 2016

The County CD&H Department continues to focus efforts in supporting and improving housing in the impacted communities and promoting the creation and preservation of affordable housing in the County. Using data obtained from the study and past investments in the communities, CD&H developed a Rural Community Funding Plan to prioritize the application and investment of federal funding in the impacted communities. This Plan assigns a percentage of annual funding to the communities based on their percentage of low-moderate income (LMI) residents of the total LMI population of all 14 communities surveyed. The Plan was rolled out as part of the FY18 CDBG grant application for Sussex County.

Other County departments also can or already do assist in supporting these efforts. For example, the Engineering Department could investigate possible extensions of County sanitary sewer and/or water service to impacted communities as needs arise on a case-by-case basis within the confines of the Delaware Code. Additionally, the County Planning and Zoning Office currently collaborates with developers through pre-submission meetings, providing it on the County's website and including it with the applications to support the expansion of affordable housing. Through those meetings, the office also promotes the use of DSHA's Areas of Opportunity maps. The County also has a program for sewer fee deferrals for non-profit affordable housing projects that will continue to be marketed so that more groups take advantage of it.

In order to expand opportunities for more affordable housing and determine that there are not any regulatory barriers to further promoting affordable housing, the County may wish to consider revisiting its Code regularly. For example, the County may consider revisiting its code to evaluate the current process for how group homes, shelters, and co-living arrangements are approved to determine if revisions are necessary so that these types of affordable housing can be further promoted. The County may also consider revisiting zoning code to determine in districts where multifamily housing is currently a conditional use, if it should be made a permitted use at the densities permitted in the districts if water and sewer are available.

In addition to the MPHU and SCRP, the County has a number of existing ordinances that can help expand affordable housing in the County. These include the accessory dwelling unit ordinance, the garage/studio apartment ordinance, special exceptions for medical hardships, and the use of guest houses. The County should consider continuing to promote these ordinances.

As discussed in the Community Design Chapter, tiny home construction is spreading in popularity across the United States as people choose to downsize and simplify the space where they live. Tiny houses can range in size from 100 to 400 square feet, and come in many shapes, sizes, and forms. As tiny houses have an opportunity to be a form of affordable housing, the County will review the zoning code to determine if modifications are needed to permit new styles of housing to be developed in the code as they appear. This may also include determining the challenges and opportunities that could be associated with allowing multiple small units (such as tiny houses) on one lot.

The main focus of the County's affordable housing efforts has been through incentives. Although the MPHU and SCRP have not been taken advantage of by many developers to date, the County will continually work to improve these programs to properly reflect the housing market and incentivize developers to participate in the provision of affordable housing. The County may also consider exploring additional ways for private developers to provide more multi-family and affordable housing opportunities. One method could be requiring a certain percentage to be affordable. Another method could be by broadening the product type in zoning that allows fee-waivers for affordable housing to include multi-family housing. This could be beneficial to multi-family rental developments using state and federal resources that have affordability restrictions as they could apply for reduced fees (building permits, sewer hook-up fees, etc.).

Additionally, the County may consider development of a Community Development Fund or similar funding mechanism to provide affordable housing assistance, creation, and preservation. Such funding could be used to create new programs and tools such as a loan fund to provide low interest financing for affordable housing providers and developers to assist with creation of affordable housing projects/ventures. Another tool that could be considered is development of a Down Payment and Closing Cost Assistance Program to provide assistance to income-qualified homebuyers. Furthermore, the fund could be used to develop financial literacy scholarships so that low and moderate income individuals that receive County funding can attend HUD-approved housing counseling.

Cooperation with non-profit housing entities and advocacy groups will play a critical role in helping the County achieve its affordable and fair housing objectives as they have local ties with the community and those populations most in need of affordable housing. For example, the County actively coordinates with the Sussex County Advisory Committee on Aging and Adults with Physical Disabilities. This committee can play an important role in determining barriers and opportunities for the expansion of housing opportunities for persons with disabilities and the aging. One opportunity can be through encouraging universal design principles in new home construction and rehabilitation. Universal design focuses on making a house safe and accessible for everyone, regardless of age, physical ability, or stature.

The County can also partner with non-profit advocacy groups to help determine barriers and opportunities for the expansion of housing opportunities for English as a Second Language (ESL) populations. This is particularly important as the County population is expected to grow and diversify through 2045. As discussed in the Population and Demographics Chapter, it is estimated that there will be almost 39,000 people of Hispanic ethnicity living in Sussex County by 2045, which will represent approximately 15 percent of the total population. Partnerships with advocacy groups as well as implementation of the County's Language Plan will help provide resources and assistance to ESL populations.

8.4 HOUSING GOALS, OBJECTIVES, AND STRATEGIES

The County is committed to ensuring that residents have access to safe, decent, and affordable housing. As described above, the County has a number of housing initiatives and partnerships

that it undertakes to increase the supply of affordable housing, preserve the existing housing stock, and diversify the housing market. However, even more can be done to continue and expand these efforts. Below is a list of goals, objectives, and strategies for Sussex County's Housing Chapter to support and strengthen the County's Housing Vision:

Goal 8.1: Ensure the provision of safe and decent housing for County residents.

Objective 8.1.1 Improve housing quality and condition, without causing displacement.

Strategy 8.1.1.1 Strengthen the County Constable Office's existing Rental Unit Complaint Program through additional education and outreach efforts.

Strategy 8.1.1.2 Identify a way to identify rental units throughout the County to assist in matching tenants looking for housing with landlords.

Strategy 8.1.1.3 Consider development of a process to work with landlords who have limited access to resources to bring properties up to code that supports, rather than penalizes, those seeking assistance to improve their housing stock.

Strategy 8.1.1.4 Evaluate current process for how group homes, shelters, and co-living arrangements are approved through County Code to determine if revisions are necessary.

Strategy 8.1.1.5 Consider an ordinance with rules and regulations governing campgrounds.

Strategy 8.1.1.6 Engineering Department to investigate possible extensions of County sanitary sewer and/or water service to impacted communities as needs arise on a case-by-case basis within the confines of the Delaware Code.

Objective 8.1.2 Encourage reinvestment in existing housing stock through rehabilitation and renovation and support removal of substandard dwelling units.

Strategy 8.1.2.1 Expand Sussex County Department of Community Development and Housing's Housing Rehabilitation and related assistance programs.

Strategy 8.1.2.2 Continue to utilize funds such as those through the CDBG and HOME programs to rehabilitate and renovate housing units.

Strategy 8.1.2.3 Consider development of a method to track dilapidated and abandoned structures in the County.

Strategy 8.1.2.4 Consider pursuing HUD Entitlement Community status for the County.

Strategy 8.1.2.5 Consider development of a funding mechanism to provide home repairs on properties that do not have a clear ownership structure.

Objective 8.1.3 Reduce homelessness and displacement in Sussex County.

Strategy 8.1.3.1 Coordinate with non-profits and other stakeholders working to reduce homelessness in Sussex County.

Strategy 8.1.3.2 Support implementation of low-barrier shelters year-round in Sussex County.

Strategy 8.1.3.3 Explore opportunities to expand Rapid Re-housing (RRH) & Permanent Supportive Housing (PSH) in Sussex County.

Strategy 8.1.3.4 Consider ways to support the repurposing and redevelopment of vacant properties into opportunities to reduce homelessness and displacement in the County.

Goal 8.2: Ensure that a diversity of housing opportunities are available to meet the needs of residents of different ages, income levels, abilities, national origins, and household configurations.

Objective 8.2.1 Affirmatively further affordable and fair housing opportunities in the County to better accommodate the housing needs of all residents.

Strategy 8.2.1.1 Improve the County's SCRP and the MPHU Programs to provide incentives to properly reflect the housing market and incentivize developers to participate in the provision of affordable housing.

Strategy 8.2.1.2 Consider development of a Community Development Fund or similar funding mechanism to provide affordable housing assistance, creation, and preservation.

Strategy 8.2.1.3 Explore ways for private developers to provide more multi-family and affordable housing opportunities.

Strategy 8.2.1.4 Continue to increase education and awareness of the County's housing assistance programs.

Strategy 8.2.1.5 Examine if a sliding scale fee structure for homebuyers below a certain income threshold is feasible.

Strategy 8.2.1.6 Consider development of financial literacy scholarships so that qualifying low and moderate income individuals that receive County funding can attend HUD-approved housing counseling.

Objective 8.2.2 Work with private and public agencies to increase affordable rental and homeownership opportunities.

Strategy 8.2.2.1 Explore opportunities to partner with non-profit housing advocates to provide more affordable housing options.

Strategy 8.2.2.2 Provide grants and technical assistance to non-profit agencies to assist with affordable housing programs.

Objective 8.2.3 Facilitate and promote land use policies that enable an increase in the supply of affordable housing in areas with adequate infrastructure.

Strategy 8.2.3.1 Promote increasing affordable housing options, including the supply of rental units, near employment opportunities.

Strategy 8.2.3.2 Review County code to determine if there are regulatory barriers to development of affordable housing and manufactured housing.

Strategy 8.2.3.3 Further promote and consider expansion of existing opportunities for affordable housing such as the Accessory Dwelling Unit ordinance, Garage/Studio apartment ordinance, Special Exception for Medical Hardships, and/or the use of guest houses.

Strategy 8.2.3.4 Determine the challenges and opportunities that could be associated with allowing multiple, small units (such as tiny houses) on one lot and if found feasible, and determine if code modifications are needed.

Strategy 8.2.3.5 Consider broadening the product type in zoning that allows fee-waivers for affordable housing to include multi-family housing.

Strategy 8.2.3.6 Consider revisiting zoning code to determine in districts where multifamily housing is currently a conditional use, if it should be made a permitted use if water and sewer are already present and available on the site.

Objective 8.2.4 Expand housing opportunities for persons with disabilities and the aging.

Strategy 8.2.4.1 Encourage universal design principles in new home construction and rehabilitation.

Strategy 8.2.4.2 Continue coordination with the Sussex County's Advisory Committee on Aging and Adults with Physical Disabilities to determine barriers and opportunities for the expansion of housing opportunities for persons with disabilities and the aging.

Objective 8.2.5 Expand housing opportunities for populations where English is a second language (ESL).

Strategy 8.2.5.1 Partner with advocacy groups such as La Esperanza to determine barriers and opportunities for the expansion of housing opportunities for ESL populations.

Strategy 8.2.5.2 Continue to implement the County's Language Plan.

Objective 8.2.6 Create more opportunities for new types of housing when compatible with surrounding land use and development.

Strategy 8.2.6.1 Review zoning code to determine if modifications are needed to permit new styles of housing such as tiny house or co-housing construction to be developed in the code as they appear.

Goal 8.3: Affirmatively further fair housing choice in the County.

Objective 8.3.1 Ensure that the County's zoning and land use decisions do not discriminate against persons based on race, color, religion, national origin, disability, familial status, sex, creed, marital status, age, or sexual orientation.

Strategy 8.3.1.1 Evaluate current County code on an on-going basis to determine if any regulatory barriers exist that impede the development of multi-family and affordable housing.

Strategy 8.3.1.2 Continue to collaborate with developers through the County Planning Office's pre-submission meetings to support the expansion of affordable housing.

Strategy 8.3.1.3 Promote the use of the DSHA's Areas of Opportunity maps when making land use decisions and identifying housing strategies for different areas of the County.

Strategy 8.3.1.4 Encourage members of appointed boards and commissions, elected officials, and County staff to attend fair housing training.

Strategy 8.3.1.5 Partner with stakeholders to provide training and technical assistance to municipal leaders and others about fair and affordable housing.

Strategy 8.3.1.6 Market available programs such as connection fee deferrals for non-profit affordable housing projects.

Strategy 8.3.1.7 Increase diversity in appointments for land-use boards, commissions, and advisory groups.