

The Housing Journal

Published by the Membership of the Delaware Housing Coalition



Manufactured Housing – The Precarious and Precious Resource for Affordable Housing in Delaware



The Housing Journal

Winter 2006
 The Delaware Housing Coalition
www.housingforall.org
 email: dhc@housingforall.org



Delaware Housing Coalition

DHC is a non profit, tax-exempt organization. Our United Way (Delaware) non-member designated giving number is 09294.



IN THIS ISSUE

Hope and Fear on King Day	3
A Manufactured Housing Notification Bill	4
Connecting for Change	7
The HDF and Housing Needs	9
GRATITUDE	11
A Count of Delaware's Homeless	12
Mutual Aid	14



EDITORIAL

Layout and Editing
 Ken Smith

Copy and Circulation
 Linda Cloud, Joan Edwards

Contributors
 Marcellus Andrews, Cara Armbrister, Marlena Gibson, Gina Miserendino, Suresh Naidu, Ken Smith, Susan Witt

Graphics
 Rini Templeton, Ted Keller, Khalil Bendib

Office

PO Box 1633
 Dover, DE 19903-1633.
 phone: 302/678-2286
 fax: 302/678-8645



Board of Directors

Don Blair
 Dr. Karen Curtis
 Lorraine deMeurisse (Vice President)
 Helen Drayton
 Deborah Gottschalk
 Fernando Guajardo
 Leslie Holland (Treasurer)
 Sheera Lipshitz
 Dorothy Medeiros (President)
 Joe Myer
 Veronica Oliver (Secretary)
 Ray Paylor
 Jim Peffley
 Roxie Sturgis
 Norma Zumsteg



The Housing Journal is published by the Delaware Housing Coalition to promote thought, discussion, and action on housing issues. Readers' contributions of all forms are warmly encouraged.



The MISSION of the Delaware Housing Coalition is to advocate for safe, decent, and affordable housing throughout the state. Our goal is to affect, impact, and shape the environment relating to housing. We are committed to fostering the growth and long-term flourishing of grass roots constituencies which develop their power; nurture their own problem-solvers and leaders; and work together to change the conditions which prevent them from obtaining safe, decent, and affordable housing.

Cover
 Manufactured homes in Seattle and Oakland

Photos Courtesy of David Buchholz, Director, CFED I'M HOME Program.



Hope and Despair on King Day

Marcellus Andrews

A HOLIDAY IN HONOR OF MARTIN LUTHER KING is a painful and bitter thing in these times of war and growing inequality. For some, King is a symbol of the nation's painful yet ultimately successful struggle to end segregation as public policy. For others, including a growing number of black Americans, King is a failed prophet whose movement for justice and equality has lost to the political heirs of those who were indifferent to racial oppression or fought to hold onto American apartheid.

One senses great despair about the future among black Americans. We are anxious for our kids, too many of whom are barred from a chance at a good life because we are too poor and too black to live in communities with good schools. We are poorer than our white counterparts because we were not given access to decent schools, and our kids will be forced to inherit our deficits in a viciously competitive global economic environment. Housing, health and safety are less available to us than our white counterparts because we are poorer than they are.

Some of our problems are, to be sure, made worse by our own self-destructive ways. We are sicker than other Americans because we have lousy eating habits and treat our bodies quite badly. We are less safe than we might be because we hurt and kill each other out of anger or spite. Too many of our well-off kids do not achieve in schools because they do not take the academic enterprise seriously. In these and other ways, we disgrace the memory of King and ourselves by not seizing the opportunities made possible by his work and ultimate sacrifice.

But our primary problem is that our country has turned its back on King's message of justice and equality. When black folks meet and talk politics these days, they lament the long "winter in America" that has reigned in the 25 years since Ronald Reagan came to office. The doors to good schools and hospitals remain closed to so many of us because conservatives resist real equal opportunity in the name of small

government and low taxes. We live in a time where good public education is a privilege for those who can buy into the right community, instead of a right for all kids—just as health care is a disappearing job benefit instead of a basic social good.

The conservatives who rule the country despise most blacks, which is not surprising given their forebears and their current public. But the liberals have also abandoned King by concluding that the fight for justice can only be waged when they run the government. The liberals forget King's most basic lesson: Justice is alive when we treat each other with great love, respect and care. Justice is a collective achievement of people committed to

“Governmental power is always less important than the community of men and women who commit themselves to each other's well-being, and fight for each other's freedom.”

each other's well-being. Without that commitment, justice is nothing more than an election-day slogan or a pleasant, maybe desperate daydream.

Government is a limited tool for realizing real freedom and therefore justice. Too many liberals believe that income redistribution is the substance of justice and equality, not realizing that justice begins with solidarity—real intimacy and trust in daily life—so that all persons see themselves as harmed when any of their countrymen are threatened by fear, deprivation or violence. When the political tide turned against the liberals, too many gave up the fight for justice because they couldn't win elections, not understanding that the fight for justice is first about erasing the dividing lines that

keep us penned in our little ghettos. King, the radical Christian voice for social justice, shriveled to Martin Luther King, liberal Democratic mascot.

Taking King seriously means that our racial, gender, religious, ethnic or sexual identities are mere labels that hide us from each other. Barack Obama told us that we are all Americans, beyond our narrow labels or political concerns. He got King half right. But our labels do not matter just because we have more in common than we have in conflict. Martin Luther King reminds us of Gandhi's great but nearly forgotten lesson about the cycle of violence: domination and subordination, division and hierarchy, oppression and resistance are an endless circle of pain, war and death that lead to ever wider circles of suffering. Liberals who succumb to the allure of the search for the center of American politics forget that any acceptance of inequality, hierarchy or unfairness will only create the conditions for the next round of needless fighting and pain. There is no "center" in the fight for justice—either ours is a just society, or it is not. Defeat in the fight for justice is no shame, just as compromise with the force of injustice is a sin.

King's day is a sad day, in part because we know that the political forces that control the government are driven by deep animus toward black people and poor people. But King's day can be a great day if we remember that the battle for justice is far more than a contest for power or political advantage. The fight for justice is, in the end, a struggle to tear down the barriers that split us from each other, and from our better selves. Governmental power is always less important than the community of men and women who commit themselves to each other's well-being, and fight for each other's freedom. If we remember King's lessons about solidarity as the basis for justice, we will be ready to do battle with our conservative nemeses, despite their great wealth and numbers.

Marcellus Andrews is the author of *The Political Economy of Hope and Fear*. We are honored to reprint, with the kind permission of the author, this article which originally appeared on January 17, 2005 in TomPaine.com (<http://tompaine.com>).

Building on a Sound Notification Law

Ken Smith

Introduction

THIS ARTICLE IS AN ATTEMPT to contribute positively to the conversation about manufactured housing in Delaware and its future by gathering in one place points taken from many different discussions which have occurred over a period of time. It concentrates on the manufactured housing notification bill which is currently being considered, and it makes several suggestions regarding changes to improve this legislation. It also places the bill in the broader context of conditions, legal and otherwise, necessary for resident owned communities (ROCs), also known as cooperatives, to survive and flourish.

As residents of manufactured housing are painfully aware, government is almost as uncertain an ally as the market in the attempt to defend themselves from the undesirable consequences of living in investor-owned communities (IOCs). The most dramatic of these is, of course, mass eviction. They “enjoy” an extremely “insecure form of tenure,” as Paul Bradley, Vice President of the New Hampshire Community Loan Fund (NHCLF) faithfully continues to remind us. The remarks which follow are greatly indebted to him and the work of NHCLF. We at DHC take our place in

a long line of local and national groups who have already expressed their gratitude and relief for the pioneering work of the Fund in lovingly devising a network by means of which manufactured housing residents might successfully overcome the ultimate fear of residents of IOCs, the sale of their community by the landlord.

The Market in Delaware Land

While there are several bills affecting the fate of manufactured housing (MH) in Delaware that are up for consideration in this legislative year, perhaps the one that could prove to be most important in the long term is Senate Bill 211, known as the “notification law,” which, with some exceptions, would require the owner of a manufactured home community to notify all tenants 60 days prior to completing any sale or transfer of the community and would facilitate sale to a tenant cooperative association making an offer that equals or exceeds the best third party offer.

The primary concern regarding the genuine effectiveness of such a statute relates to the rapidly escalating market value of land, especially in Sussex County, where the 2000 Census counted 23,817 MH units, out of a total of 38,281 for the state. The

market price of land acts both as the catalyst for potential sales of IOCs, as well as creating conditions which, once a sale is on the horizon, dooms these communities, according to some observers, to becoming less than “affordable” or to disappearing altogether. In the case of Sussex County, especially, these visionaries speak, albeit still quietly, of an upscale leisure and play ground, with affordable housing and other distasteful remnants of hoi polloi banished. To the question, “Banished to where?” they have no answer. Nor does anyone. That is why a measure like SB 211 is so important as another tool to help make the Diamond State a decent state.

While the concern about market value of land is a very real one, it is not necessarily insurmountable and certainly does not prohibit each and every manufactured housing community (MHC) from making the transition to resident ownership. Further, the proposed law can be strengthened from the form first introduced (something which we understand is in process) and can be augmented with other legislation and community efforts to produce progressively better results over time. We will return to this point below.



Development Without Displacement

Manufactured home owners on leased land in this state are asking themselves the question, “Will there be life after the IOC?” In other words, is there any possibility of preventing the community from being sold out from under them to a willing would-be purveyor of big box stores, luxury townhomes, strip malls, or other equally indispensable features of modern life? The notification bill could be one block with which to build an answer to residents’ questions about that communal after-life.

How could the bill be improved?

Cover all sales: The bill should cover all sales of a manufactured housing community except those otherwise specifically exempted.

Notification of the state housing finance agency: One feature which would strengthen the bill would be the inclusion of a requirement that notification of intent to sell go not just to the residents but to a state agency such as the Delaware State Housing Authority. This puts the authorities on notice and is a provision of New Hampshire’s law.

Good faith bargaining with tenants: In addition, the law could emphasize, again following our New Hampshire friends, that the “manufactured housing park owner shall consider any offer received from the tenants or a tenants’ association, if any, and the owner shall negotiate in good faith with the tenants concerning a potential purchase. [emphasis added]”

Compliance: In New Hampshire “[t]he owner of a manufactured housing park who sells or transfers a park and willfully fails to comply with [the law] shall be liable to the tenants in the amount of \$10,000 or 10 percent of the total sales price,” whichever is greater. All property owners there must file an affidavit of compliance, also.

What other legislation would be helpful in bolstering it?

Use of Relocation Trust Authority funds: Manufactured home owners are paying \$1.50 per month into the relocation fund. This money is for use as a palliative at such time as the community may be sold. Broadening the scope of use of these funds to allow

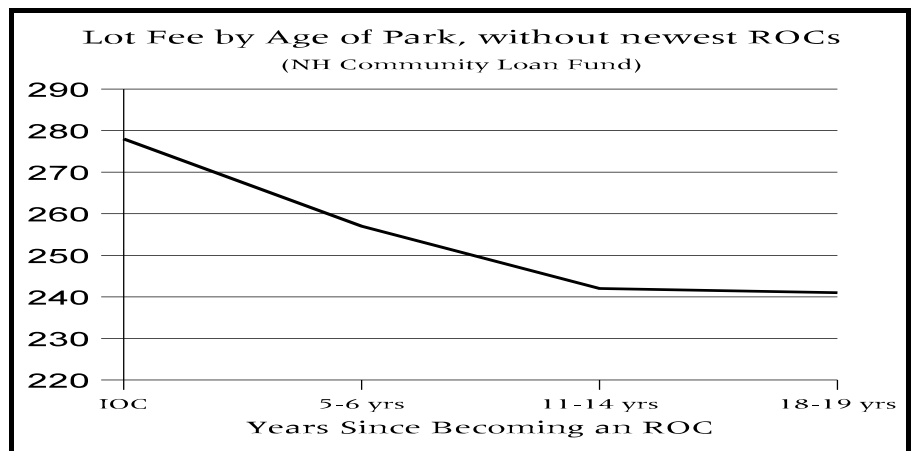
for the accumulated amounts to serve in leveraging purchase option money for a resident-owned community increases their effectiveness and is more in line with the intention of causing the least damage possible to residents while allowing the investor to sell. Conversion to a cooperative does no damage at all and helps to secure the future of the community and each home owner’s tenure. At \$18.00 per year, a community of 100 homes is generating \$1,800 per annum. In ten years, this community would have a significant sum with which to begin the process of conversion. Matching this with the property owner’s contribution to the RTA doubles the sum.

The law regarding this fund and its use should be strengthened to allow saving peoples’ homes and communities, not just salvaging the conscience of the rest of us as we watch a community be destroyed. Further, any strengthening of the law should be thought through adequately to address such questions as the following. What is the right of a home owner to access RTA funds not contributed by that home owner but by a previous home owner in that community who has left without having accessed the fund? What ceiling is to be put on the collection of funds and would it be adequate to help capitalize home owners’ efforts in one or more communities looking to form a cooperative in response to impending sales? Should not the total amount to be collected in each community not be of direct interest to the home owners in all communities, the more so in proportion to how strongly they feel their community to be “at-risk”? Therefore, should this figure not be one about

which they have not only the keenest interest but also some ability to set the total amount being reserved to eventually save their homes, should need arise? What discretion would the board of the RTA have to make use of accrued interest to aid costly cooperative conversions? (Would additional voluntarily contributions be permitted via the RTA for communities whose members wish to prepare for the worst? Could these be matched by the landlord at all? Or should the members of the Delaware Manufactured Home Owners Association begin talking among themselves and with local banks about beginning to levy such a Community Security Fund on its own?)

Consumer Cooperative Law: At present, there is no provision that we know of for establishing a consumer cooperative in Delaware. Presumably, a cooperative would have a two-step process of organizing as a Delaware corporation and then becoming a nonprofit entity under IRS guidelines. This latter would ensure that the cooperative could not dissolve and make use of the assets for purposes other than a charitable use.

While this process is feasible, it is cumbersome for every cooperative to have to apply for federally recognized nonprofit status. It is unnecessary in New Hampshire, where that state’s law establishes the conditions under which cooperatives can be treated as such without federal regulation. These include the filing of a certificate of organization, a definition of the cooperative form for any incorporated or unincorporated group, and the requirement for a specific distribution of assets upon dissolution.



Moving Toward Security of Tenure

Definition of Manufactured Housing as Real Property: We can not go into this subject at any length here, one which promises to be the most difficult long-term issue for resident-owned communities, as for Delaware manufactured housing as a whole. Suffice it to say, that the manufactured housing unit should be treated as real property, regardless of its attachment to the land.

What additional measures we can take to improve the life-expectancy of MHCs?

The final two elements necessary for establishment and continued well-functioning ROCs, according to the New Hampshire Community Loan Fund, are a source of sufficient subordinate debt capital to allow the community conversion and technical assistance to help the cooperative move to governing itself and managing the park effectively. These are elements that can best be provided by collaboration among the private sector and third sector. Some efforts, still inadequate, by ourselves and others, are being made on these two elements. We need to move ahead more assertively on both, though progress on the other elements will help greatly.

The Delaware Model

The New Hampshire model has been crafted to balance security of tenure

with traditional market values. While the land, once it is under the ROC, is no longer transferrable, the full appreciation of investment of the home owner is allowed. Over time, rents (user fees) tend to decline and resale values to increase. This is the kind of model which would seem to have immense appeal in a state like ours which prides itself on being able to combine good business and compassionate policy.

Recent research by the Carsey Institute of the University of New Hampshire, reveals that ROCs there enjoy decreasing average lot fees over time compared to their rents at point of conversion [see graph]. On a recent visit to New Hampshire to learn more about the New Hampshire model, I visited several cooperatives and learned that more than one ROC is known to vote themselves a month's rent "holiday" at the end of the year when finances permit.

These communities now have secure land, stable fees, improving financing options for their homes, a growth in mortgage loans that has far exceeded that of IOCs, and higher sales prices on the resale market, both generally and on a square-foot basis. At the time of my visit (November 2005), there were 72 resident-owned manufactured home communities in New Hampshire, and I would not be at all surprised to learn that the number

An Empowering Structure for Resident-Owned MH Communities (NHCLF)

Conditions Favorable to the Establishment and Growth of Resident-Owned Communities

- ✓ a resident notification law
- ✓ a provision to incorporate under state law as a nonprofit consumer cooperative
- ✓ a mechanism to make the land non-transferable except to another charitable entity
- ✓ sufficient subordinate debt capital to enable the purchase
- ✓ technical assistance to build self-governance and community operation
- ✓ treating MH as real property

has increased as of this writing in January 2006.

All of these elements could come together to fulfill the goal of "development without displacement," the motto of our colleagues at the Dudley Street Neighborhood Initiative in Boston. This is the importance of a well-formed notification law, supported by the other features discussed here, in creating a model for preserving affordable manufactured housing communities in Delaware.

143rd General Assembly Senate MH-Related Bills

All bills introduced by Senator George Bunting and referred to Senate Agricultural Committee

Senate Bill # 203 ~ Manufactured Housing Installation~ Establishes a new Board to license installers of manufactured housing in Delaware in accordance with new national standards.

Senate Bill # 208 ~ Rent History Disclosure ~ Requires community owners to disclose to each prospective tenant the rents and fees it has charged for a particular lot of interest to the prospective tenant for the five years immediately preceding.

Senate Bill # 209 ~ DE Board of Manufactured Housing ~ Establishes this Board as an body to resolve disputed rules, standards, or rents; designates the composition of the 7-member board and its purpose of dispute resolution; and establishes a process of appeal through the local J. P. Court within 20 days of the date of the Board's decision.

Senate Bill # 210 ~ Rents and Fees ~ Clarifies that the terms "fee" and "charge" may be used interchangeably and that fees include obligations for expenses incurred as a direct result of the tenant's possession, use, or enjoyment of parts of the premises in a manufactured home community other than the rental lot. This Act also clarifies that the term "rent" do not include obligations for the tenant's possession, use, or enjoyment of parts of the premises in a

manufactured home community other than the rental lot..

Senate Bill # 211 ~ Resident Notification ~ Rewrites the provision of Delaware Code relating to the rental or sale of a manufactured home community, requires the owner of the manufactured home community to notify all tenants 60 days prior to completing any sale or transfer of the community. The owner will sell to a tenant cooperative association if its offer is equal to or greater than the best third party offer.

Senate Bill # 212 ~ Rent Justification ~ Expands the rules governing lot rent increases. Existing law simply requires that a community owner provide 60 days written notice of an increase and that only 1 increase may be made per calendar year. In addition to these provisions, this Act requires that rent be reasonable and be related to the operating costs and market conditions associated with maintaining the manufactured home community within which the lot is situated. It mandates the opportunity for home owner and community owner to meet to discuss the reasons for the increase and the possibility of a phase-in of the increase and provides for a home owner or association still not satisfied to petition to the Governor's Council on Manufactured Housing for a mediator.

Connecting for Change

Susan Witt

LIKE YOU I HAVE WATCHED AND READ reports of the catastrophic humanitarian, community, and ecological events that have occurred over the last weeks and months and year in earthquake, hurricane, tsunami, floods, and fire. Like you I have grieved. Like you I have ached to help and comfort. Like you I have been staggered by the enormity of the problem. How can we remotely understand the crushing human suffering and loss, how can we comprehend the scope of community devastation, how can we envision such sweeping changes to entire landscapes – landscapes which were the ground of neighborhoods and villages, of collective memories and common dreams.

Yet from underneath this enormous weight, I hear a new spirited voice as people, who appear to have just lost everything, talk of rebuilding their communities. There is a ring to their voices – of tenacity, cooperation, belief in community, action informed by knowledge of place, trust in their capacity to achieve a goal together. It is not a government led initiative. In fact, it seems to occur around and outside of government aid, a local citizens' movement, somewhat raggle taggle and disorganized, with unexpected leadership and alliances – unprofessional some might call it, but filled with exuberance and surprising generosity and common courtesies. It is a citizen train, chugging ahead, solving problems, building the bridge just in front of it with materials at hand, a bridge sturdy enough to carry all the members of their diverse community along. Perhaps not the most sleek looking or the most efficiently planned. But it is certainly where you find the most positive energy and where you want to be at work, shoulder to shoulder with neighbors, feeling a pride and joy that is infectious.

This emerging spirit gives me hope, for it is this same spirit that is needed to rebuild our local economies – temporarily dwarfed by the sleek, monotone, faceless products of the global economy. There is no one formula for this rebuilding. It will vary as our communities vary and landscapes vary and local cultures vary. But there are some common principles behind the building of local "economies of permanence" – to use Fritz Schumacher's phrase.

The given elements of any economic system are land, labor, and capital. Land and other natural resources that are the basis of all production; labor that transforms the raw materials into products; and capital that organizes the labor and facilitates distribution of the goods.

Imagine if we were to start from scratch in building a sustainable economic system – not just tweaking the current system with a few affordable homes or one farm saved out of the fifty in town which once were productive. Imagine us thinking boldly as those are thinking boldly who rebuild their communities following a natural disaster.

U.S. Land Reform

What would be the role of land in our new local economies – land that we all need to build our homes, maintain a healthy environment, and make those products needed by others in a common society.

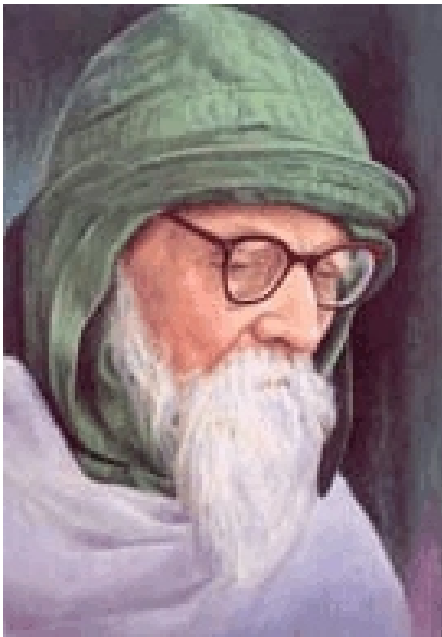
Aldo Leopold, the great American conservationist, warned against treating land as private property. He argued that "land should be a community to which we belong, not a commodity that is bought and sold." The commodification of land and other natural resources means that those who control ownership can benefit unfairly by the need of all for land. Land prices increase simply from this common need, not from any work on the part of the owner. The nineteenth century political scientist,

Henry George, called this speculative gain, an unearned increment, and noted that it distorts the economic system, placing value where no real value has been created and transferring wealth unfairly.

The Community Land Trust

But how do we go about decommodifying land in our bold plans for new sustainable economies? Robert Swann, the founding President of the E. F. Schumacher Society, was inspired by Henry George and his intellectual descendents, Leo Tolstoy and the Gandhian Vinoba Bhave, to develop a new land tenure system for North America, which he called Community Land Trusts. A Community Land Trust is a regional non-profit corporation with open membership and a democratically elected board of directors. It acquires land by gift or purchase, develops a land-use plan according to local need, and then leases out the sites. Individuals own the buildings on the land but not the land itself. At resale the buildings must be offered back to the land trust at no more than the replacement value of improvements, adjusted for deterioration. The owner is able to carry away the fruits of labor applied to natural resources, but not the land value itself, which is held for the community. When fully applied, when a significant amount of land in a region is held by a community land trust, the economic role of land is transformed.

There are over one hundred and fifty community land trusts in the United States. They serve as one of the major providers of permanently affordable home ownership opportunities throughout the US. But they have yet to meet their potential as vehicles for land reform. It will take voluntary participation by citizens committed to bold change to bring about such reform. Do we have the courage, do we experience the urgency, to reconsider our own



Vinoba Bhave, animating force behind the Indian 'Boodan' (land gift) movement.

further creating discrepancies in wealth.

We are willing participants in a system that encourages practices we abhor. How can we democratize money issue and again make it a tool to support thriving local economies where consumer and producer are known and accountable to each other and to the local ecological system that renews them both.

The extraordinary regional planner, Jane Jacobs, in her classic book "Cities and the Wealth of Nations," referred to local currencies as an elegant tool for regulating regional economies. The E. F. Schumacher Society has been working for over twenty-five years in its own region to build the basis of a year-round local currency system with the merchant and banking community. Now in our final months of fundraising for first-year issue of BerkShares, my colleague Chris Lindstrom and I expect to begin reconvening meetings with the merchant and banking community in 2006.

BerkShares is only one in a growing movement of local currency initiatives brought together at the Schumacher Society's 2004 conference "Local Currencies: Understanding Money, Building Local Economies, Renewing Community." Since then research and discussion on how best to renew this community based economic tool has grown in small working groups, in on-line dialogues, and in innovative practice around the world.

Sustainable Local Economies

And what of labor? How do we again dignify the role of labor in an economic system – how do we move from commodifying labor through hourly wages to ensuring that workers retain ownership in the means of production?

Let us again try to imagine our new local economies, where the goods consumed in the region are produced

in the region in an ecologically, socially, and culturally appropriate way. To achieve this vision, we would want to make sure that we placed our innovative skills in the creation of new regional products, new appropriately scaled technologies for on-site energy production, efficient and healthy homes, safe and efficient transportation, extension of growing methods for local foods, responsibly produced clothing. When extra spending power is in the hands of a few, then the innovation goes to luxury goods. To create innovation in basic goods, then the wealth must be distributed widely. When workers have access to land to create their import-replacement businesses and access to affordable local capital for financing, they then have more opportunity of being owners of the means of production rather than wage hour employees. This participation in ownership of the means of production means a fairer distribution of wealth. It is our responsibility as conscious consumers to seek the opportunity to support these worker-owned businesses.

In summary, the task of building sustainable local economies is urgent, not only in this country but around the world in village after village. Our humanity is at stake, our landscapes are at stake, our varied and rich cultures are at stake. It will take citizens working together, employing new locally based economic tools to solve the problems of that rebuilding. The work will bring us together in new alliances, with unexpected courtesies. It will look ragged to some; the blueprints are not entirely clear and will of necessity vary from region to region. But at work together we will feel the excitement of engagement, and we will know that strange and wonderful alchemy at play when our full capacities as human beings are engaged in a process that links people, land, and community. Thank you!

private land ownership or to call upon others to reconsider theirs? Are we willing to return speculative gain on land to the regional community as a whole? How committed are we to a new vision?

Local Currencies

And what about money. What is the role of money in our new and vital local economies? Money is simply a tool for issuing credit and tracking exchanges in a community. But by giving up control of monetary issue to a centralized coalition of for-profit banks and national governments, we are engaging in a system that favors the largest borrowers. The consequence is an increasingly centralized manufacturing and distribution system that efficiently hides the ecological and social consequences of making the goods we use in our daily lives. In addition, a monopoly-issued global currency means that the fees generated in the process of issuing and use flow to a few corporations and individuals,

Susan Witt is Executive Director of the E. F. Schumacher Society, 140 Jug End Road, Great Barrington, Massachusetts 01230 USA, (413) 528-1737, www.smallisbeautiful.org This article is reprinted from remarks given by the author on October 15, 2005 at the Marion Institute (www.marioninstitute.org) at the First Annual Bioneers by the Bay: Connecting for Change in Dartmouth, Massachusetts, a program now in its fifteenth year.

The HDF and Delaware's Housing Needs

Marlena Gibson

THE HOUSING DEVELOPMENT FUND (HDF) is Delaware's only significant source of home-grown public investment in housing - it is created from resources within the state, is distributed in-state only, and is accountable to state priorities, not federal goals. Almost all other public funding sources for affordable housing development in Delaware are pass-throughs of federal funds. As these federal funds grow more scarce and are increasingly insufficient to meet needs, state and local housing needs require state and local housing - particularly funding - solutions. This has been the driving reason behind efforts in many states, counties, and cities to create or better capitalize housing trust funds. The Housing Development Fund is in fact our state's housing trust fund. Key features of a housing trust fund are a dedicated revenue source, localized funding priorities, and some level of public accountability.

One of the most attractive and beneficial features of a housing trust fund is that it is subject only to the local requirements placed upon it - its funding is free of, for example, the extensive bureaucratic requirements of the LIHTC and many other subsidy programs. A housing trust fund is money that a state or locality can

target to meet its own unique needs - instead of, or in addition to, the specific targets set out by federal programs.

Housing trust funds are also called upon to be sources of critical gap financing, and the HDF has certainly proven itself necessary and useful in that regard. Large proportions of HDF funds go to closing the financing gap in LIHTC projects. Since these projects are often so large and costly, even though the HDF might be providing less financing for a particular project than other sources, it makes a greater dent in the total funds the HDF has available for other purposes and other needs. In the 22 tax credit projects that received HDF financing in FY 2003-2006 YTD, the average loan was approximately \$1.5 million. Almost \$35 million of the \$42 million in HDF funds used in FY 2003-2006 YTD was used to finance LIHTC projects - approximately 83%. We must ask ourselves - are these projects meeting 83% of Delaware housing needs?

While a variety of other state and local programs work to provide, for example, down payment and closing cost assistance and rehabilitation assistance, the HDF is an important source of financing for most multi-family rental projects in the state.

Even those projects using multiple other sources of subsidy such as HOME and Low Income Housing Tax Credits (LIHTC) often must turn to the HDF for financing. Tracking rental unit production by the HDF is an important window into subsidized or otherwise income-restricted rental unit production in the state.

Comparing rental unit production in fiscal years 2003-2006 year to date with rental needs identified in the 2003-2007 Needs Assessment, the results of this focus on financing tax credit projects are clear. Indeed, the state has produced more units than the Needs Assessment estimated were needed in the income range served by the tax credit program - 31-60% of area median income (AMI). In just FY2003-2006 YTD, Delaware has produced 1,611 units affordable to this income range - 726 more than estimated as necessary in the Needs Assessment, with time to spare. In that same time period, we have produced only 12 units affordable to households earning 30% or less of AMI - out of 1,835 units needed. It is extremely challenging to create decent housing affordable to these income levels, and it requires high levels of subsidy - real "free money" subsidy, not just low-cost financing.

HDF Funding - FY 2003-2006 YTD	
Total HDF Spending	\$41,952,067
Total Loans	\$37,721,412
Total Grants	\$4,230,655
Total Spending on Production Projects Only	\$39,019,432
Total Spending on Tax Credit Projects Only	\$34,777,462
Total Spending - New Castle County	\$23,158,471
Total Spending - Kent and Sussex Counties	\$16,110,961
Total Spending - Statewide Projects or Services	\$2,682,635
Production projects refer to HDF funding of projects that involve the physical construction or rehabilitation of housing units. FY2006 Year-to-date includes projects approved as of 12/14/2005 Source: DHC analysis of HDF spending	

A Comparison of Production and Need

Rental Housing Needs and Production 2003 - 2007			
	Rental Units Produced FY 2003-2006 YTD	Rental Units Needed as Identified by 2003-2007 Needs Assessment	Units Still Needed (Extra production)
30% AMI	12	1,835	1,823
50% AMI	939	575	(364)
60% AMI	672	310	(362)
80% AMI	61	265	204
Market Rate	45	-	45
Total	1,729	2,985	1,256

Sources: Mullin & Lonergan Associates (2003) and DHC analysis of HDF unit production

But is it reason enough to ignore the very pressing housing needs of thousands of at-risk Delawareans?

The 2003-2007 Housing Needs Assessment, prepared by Mullin & Lonergan Associates for the Delaware State Housing Authority and released in February 2003, identifies a lengthy list of diverse housing needs in the state. In addition to rental housing affordable to households with extremely low incomes, as a state and community we are paying insufficient attention to several other needs identified in the Needs Assessment. Other areas of need include:

- Veterans - 127 emergency beds, transitional housing beds, and supportive housing units
- Persons with HIV/AIDS - 200 units
- Persons with Mental Illness and Developmental Disabilities - 288 individuals and 45 persons in families
- Persons with Drug and Alcohol Addictions - 186 beds for chronic substance abusers and 46 beds for chronic substance abusers in families

- Youth - approximately 37 youth age out of foster care every year without independent living arrangements.
- Substandard housing - 13,183 owner and renter-occupied housing units in substandard condition requiring substantial rehabilitation

Great needs also exist for prisoners re-entering the community, migrant workers, persons with physical disabilities, and victims of domestic violence. While these needs are difficult to quantify with a number, they are no less pressing. Few people would advocate reducing investment in LIHTC projects. Tax credit projects and units are very much needed in the state and serve an important and large need for rental housing. On-the-ground experience also tells us that many tax credit units are able to reach lower income levels. Not enough, though, to make up for a lack of 1,823 units affordable to households earning 30% of AMI or less.

We must acknowledge that large amounts of funds from the HDF are needed to fill the financing gap for tax credit projects. At the same time, we must also acknowledge that these projects alone will not meet Delaware's widely varied and unique housing needs. To insure that sufficient funds are available for the wide range of projects and services needed to address the state's diverse housing needs, Delaware must increase appropriations and dedicated revenue to the HDF accordingly.

A significant, long-term increase in the amount of public funds available for the HDF is urgently needed. Years of inadequate appropriations and a meager, insufficient dedicated revenue source have already put our state far behind in meeting its housing needs and stifled opportunities for proactive action to address future challenges. Every year that passes without a meaningful and sizable commitment of political will and public funds makes it more difficult for Delaware to make real progress toward meeting its housing needs.

Rehabilitation and Homeownership Needs 2003-2007	
7,490	Owner-occupied homes needing substantial rehabilitation
5,693	Renter-occupied homes needing substantial rehabilitation
18,150	At-risk households (Incomes below \$20,000 and housing costs of more than 30% of income)
8,754	Homeownership demand from low-income homebuyers (incomes less than \$25,000/year)
12,932	Homeownership demand from first-time and affordable homebuyers (incomes of \$25,001 - \$75,000)

Source: Mullin & Lonergan Associates (2003)

GRATITUDE

Sincere and hearty thanks to all the members who joined or renewed membership during the current year.

▲ Advanta Bank ▲ AGM Financial Services ▲ Anita Auten ▲ ARC of Delaware ▲ Bank of Delmarva ▲ Carol Barnett ▲ Howard & Vincente Batsford ▲ Max Bell ▲ Better Homes of Seaford ▲ Doris Blake ▲ Marion Boon ▲ Alice Brandreth ▲ Kim Brockenbrough ▲ George Bunting ▲ Beverly Cerchio ▲ CFED ▲ Citigroup Foundation ▲ Maggie Cook Pleasant ▲ Cornerstone West ▲ Karen Curtis ▲ Mary Davis ▲ DCRAC ▲ State of Delaware ▲ Delaware Division of Human Relations ▲ Delaware HIV Consortium ▲ Delaware National Bank ▲ Delmarva Rural Ministries ▲ Cheryl Dezwarte ▲ Lorraine deMeurisse ▲ Blair Dickerson ▲ Jane Dilley ▲ Discover Bank ▲ East Coast Property Management ▲ Joan Edwards ▲ Fannie Mae ▲ First Bank of Delaware ▲ First National Bank of Wyoming ▲ First State Community Action Agency ▲ Freedom Center for Independent Living ▲ Nancy Gardner ▲ Marlena Gibson ▲ GMAC Bank ▲ Debbie Gottschalk ▲ Mable Granke ▲ Habitat for Humanity of NCC, Inc. ▲ Theresa Hasson ▲ Leslie Holland ▲ Housing Capacity Building Program ▲ Homebuilders Association of Delaware ▲ Connie Louder ▲ Joyce Johnson ▲ Ralph Johnson ▲ JPMorgan Chase ▲ Mark Lasocha ▲ Leon N. Weiner & Associates ▲ Sheera Lipshitz ▲ Lutheran Community Services ▲ James McGiffin ▲ Richard Maly ▲ Dorothy Medeiros ▲ Meeting Ground ▲ Jan Melhunek ▲ Karen Melhunek ▲ Mercantile Peninsula Bank ▲ Metropolitan Wilmington Urban League ▲ Milford Housing Development ▲ Gina Miserendino ▲ Lisa Miserendino ▲ Ulla M. Moore ▲ Morgan Stanley Foundation ▲ Joe Myer ▲ NCALL Research, Inc. ▲ Neighborhood House ▲ New Castle County Community Services ▲ Betty Obst ▲ Marcia Perkins ▲ Carolyn Picard ▲ Roger Pryor ▲ Mary Randall ▲ Olga Ramirez ▲ St. Helenas Parish Social Ministry ▲ Amy Schrader ▲ Kathleen Shelly ▲ Ken Smith ▲ Ruth Sokolowski ▲ Karen Speakman ▲ Lisa Spellman ▲ Sandra Spence ▲ Ivar Stakgold ▲ Christina Stanley ▲ Helen Stewart ▲ Sussex County Council ▲ Valerie Thompson ▲ Patricia Todd ▲ United Way of Delaware ▲ Wachovia Foundation ▲ John Walsh ▲ Waterford Homeowners Association ▲ West Rehoboth CLT ▲ Wilmington Trust ▲ Thomas Wrenn ▲ Karen Young ▲ YWCA of Delaware ▲ Norma Zumsteg▲



FEATURES OF A HOUSING TRUST FUND

Ongoing revenue is earmarked for housing;
Production-oriented resources support housing production, rehabilitation, and preservation;
Targeted resources serve specific categories of low-income housing needs, including rental assistance, home mortgage assistance, and supportive services;
Permanently established by statute, ordinance, or proposition; and
Funded by nonfederal revenue controlled at the state or local level.

– from PolicyLink, “Expanding Opportunity: New Resources to Meet California’s Housing Needs”

A Count of Delaware's Homeless

Cara Armbrister

Preface

THESE FINDINGS, contained in the report, Homelessness in Delaware: Summary of Point-in-Time Studies 2005, provides our community with a count of the number of persons in the state of Delaware who were identified as lacking a permanent place to stay on January 24, 2005 and August 15, 2005. It also helps identify the

characteristics and needs of the homeless. The report is not an exact count of the homeless in Delaware. The report provides a snapshot of homelessness in Delaware. It captures information on people who were either 1. staying in emergency shelters, transitional housing facilities, domestic violence shelters, permanent supportive

housing programs or halfway houses, or 2. were persons who confirmed their homeless status when approached on the street by outreach workers.

The Homeless Planning Council of Delaware recognizes that the survey does not represent the comprehensive nature of homelessness across the state of Delaware.

Key Findings

JANUARY

There were a total of 1365 persons homeless in Delaware on January 24, 2005.				
		County Breakdowns**		
	Statewide	New Castle	Kent	Sussex
PERSONS	1365	1028	168	117
HUD-Defined Homeless				
Sheltered	946	933	168	117
Unsheltered	35	35		
Hotel/Motel	62	10		
Drop-in Centers				
Doubled-Up	50	50		
Sheltered (Permanent Supportive Housing)	272			
Source: Homeless Planning Council of Delaware Point-in-Time survey (January 24, 2005).				
** A minimum of 52 Persons were using motel vouchers on the night of January 24, 2005. The county of use for these vouchers was not reported.				

AUGUST

There were a total of 1722 persons homeless in Delaware on August 15, 2005.				
		County Breakdowns**		
	Statewide	New Castle	Kent	Sussex
PERSONS	1722	1182	193	227
HUD-Defined Homeless				
Sheltered	832	752	154	164
Unsheltered	162	136	11	15
Hotel/Motel	178	37	17	4
Drop-in Centers	183***	183***		
Doubled-Up	129	74	11	44
Sheltered (Permanent Supportive Housing)	238			
Source: Homeless Planning Council of Delaware Point-in-Time survey (January 24, 2005).				
** 120 Persons were reported using State Service Center motel vouchers on the night of August 15, 2005. The county of use for these vouchers was not reported.				
***This number includes 183 persons who were served by the Friendship House men's and women's day centers on August 15, 2005 and indicated that they were homeless. These persons may have also been served and reported by another participating agency.				

HPC Recommendations on Homelessness in Delaware

Subpopulations

Data is gathered on the sheltered and unsheltered surveys on the following subpopulation categories:

- Chronically Homeless
- Seriously Mentally Ill
- Chronic Substance Abuse
- Veterans

- HIV/AIDS
- Victims of Domestic Violence
- Youth/Families

Unsheltered participants were asked directly about their status. Sheltered residents' status was provided by the staff of the

agencies/programs. All information presented is largely self and/or staff assessed.

The information below does not include data from the doubled-up or drop-in center counts.

Totals: January versus August

Homeless Subpopulation	January 2005			August 2005		
	Sheltered*	Unsheltered	Total	Sheltered*	Unsheltered	Total
Chronically Homeless	92**	21	113	157**	75	232
Seriously Mentally Ill	246	12	258	225	29	254
Chronic Substance Abuse	345	15	360	407	82	489
Persons with HIV/AIDS	60	7	67	92	38	130
Victims of Domestic Violence	35	5	40	90	16	106
Children in Families	347	8	355	301	6	307
Unaccompanied Youth	9	0	9	2	0	2

Source: Homeless Planning Council of Delaware unsheltered (questions three through ten) and sheltered survey (appendix A). January 24, 2005 – August 15, 2005
 *Includes data from emergency shelters, transitional housing, permanent supportive housing, hotel/motel
 **Does not include Permanent Supportive Housing

HPC Recommendations

Based on the findings of the 2005 studies, the HPC is providing the following recommendations for homeless planning across Delaware.

#1 Expand permanent housing options with appropriate in-home services with disabilities statewide, with an emphasis in Kent and Sussex Counties.

#2 Examine and reduce barriers to housing for those who suffer from chronic substance use conditions. ~ The number of unsheltered persons with chronic substance use conditions (51%) indicates a gap of service between those needing housing and

housing available.

#3 Examine rules regarding substance abuse in public housing, homeless shelters and transitional housing programs, and other low-income housing alternatives and reduce barriers to access to housing for those persons.

#4 Increase the use of domestic violence shelters by victims of domestic violence, or develop better alternatives for them. ~ Although a number of persons reported that they were victims of domestic violence (106), occupancy rates for domestic violence shelters on the same date

were very low. This indicates a gap in information and/or policy. The HPC should expand its role in the statewide domestic violence community as a first step in researching this gap.

#5 All state agencies who serve homeless citizens should become users of the Delaware Homeless Management Information System. The lack of longitudinal data on homeless in Delaware calls for a need to streamline data collection. The Delaware Homeless Management Information System (DE-HMIS) provides a streamlined solution.

Board of Directors Homeless Planning Council of Delaware			
Cathy McKay, President, 2008 Connections CSP, Inc.	Marguerite Ashley, 2007 New Castle County	Stephen Goodfriend, 2006 Gateway House	Ginny Marino, 2007 YWCA of New Castle County
Rosalind Kotz, Vice-President, 2007 City of Wilm., Dept. of RE & Housing	Rev. Terrance Briggs, 2007 Centennial United Methodist Church	Kent Johnson, 2008 Wilmington VA Medical Center	Mary Ann Matarese, 2006 Ministry of Caring
Joanne Miro, Treasurer, 2008 Department of Education	Chantel Clark, 2008 Salvation Army	Sally King, 2006 Northport Transitional Housing	Kirsten Olson, Past President, 2006 Connections CSP, Inc.
Ronya Anna, 2008 Div. of Substance Abuse & Mental Health	Susan Frank, 2006 Fannie Mae Delaware	Shay Lipshitz, 2007 Brandywine Counseling	Rich Pokorny, Member-at-Large, 2007 Home of the Brave

Mutual Aid

Suresh Naidu

PIOTR KROPOTKIN IS FAMOUS within two groups that one never sees at the same party. The biologists and evolutionary anthropologists who derive inspiration from Kropotkin's research into the evolution of human sociality rarely intersect with the anarchists and political theorists who respect Kropotkin's views on revolutionary change and the abolition of the state and private property. However, there was no disparity for Kropotkin, who derived many of his political beliefs from his studies of human and animal evolution.

Kropotkin had a long and interesting life. Born in 1842 to Russian nobility, he began his career as an exemplar of his class, serving in the military during the Crimean War, but eventually wound up working with the revolutionary Jura Federation. His politicization followed lengthy and difficult travels, during which he developed a deep affinity for the Russian peasants and workers he encountered. Later cut off from any political influence by Lenin, Kropotkin's last writings were notable predictions of the tyranny that would result from the Bolshevik retention of wage labor and reliance on state coercion.

A large portion of contemporary social and biological science follows in the footsteps of Kropotkin's academic work. Responding to the social Darwinism of his day, he wrote his primary scientific work, "Mutual Aid: A Factor of Evolution," arguing that a major factor in the evolutionary success of humans was a predisposition to cooperate and share, without the need for institutions such as the market or the state.

Modern day research has provided overwhelming evidence to corroborate Kropotkin's thesis. Anthropologists and archeologists have found widespread decentralized cooperation within many non-industrial societies. Experimental economists have definitively shown that people are not classically selfish,

“...the politics advocated by Kropotkin are best interpreted as general principles. First is an ethical imperative, that there is no policy substitute for social norms and ideals of behavior - a belief that one's personal behavior can either reinforce or undermine the status quo. The second is a deep suspicion of facile state or market fixes to social problems.”

with people often giving away substantial amounts of money and actively cooperating in laboratory settings, even against their narrow self-interest. This is not merely "enlightened self-interest," rather a deeply seated desire for fairness as an end in itself (this desire may or may not have roots in biology). Biologists have acknowledged that competition among early human groups could have contributed to the evolution of cooperative behavior on the part of individuals.

Much of this literature has paralleled Kropotkin in refuting a naive socio-biological theory of human behavior. Rather than concocting stories that rationalize the current order in terms of fitness, it points to potential ways of o r g a n i z i n g human interactions that can replace the dominant institutions of our day with something more democratic a n d egalitarian. Kropotkin built his belief in anarchism on the knowledge that people can organize their lives without self-interest o r g o v e r n m e n t a l coercion as prerequisites for large-scale cooperation. There are many current examples of such cooperation. Elinor Ostrom and colleagues are documenting community management of scarce resources and public goods provision

without the aid of governments or market pricing systems. Steve Lansing examines how Balinese rice farmers coordinate their complex ecological interactions with a few simple rules. Yochai Benkler identifies Open-Source Software as an example of large-scale non-market, non-state coordination. Erik Olin Wright and others study how participatory directly democratic institutions function to solve practical problems from Kerala to Chicago. Human institutions that harness the natural propensity to cooperate (and sometimes punish those who do not) are quite pervasive.

The political implications Kropotkin drew from his work are not the ravings of a lunatic egghead. Anarchism is commonly caricatured as naive, or worse, a haven for would-be terrorists. Instead, the politics advocated by Kropotkin are best interpreted as general principles. First is an ethical imperative, that there is no policy substitute for social norms and ideals of behavior - a belief that



Peter Kropotkin

one's personal behavior can either reinforce or undermine the status quo. The second is a deep suspicion of facile state or market fixes to social problems. Together, these imply respecting and considering people's abilities to develop community solutions and autonomously self-organize before suggesting "policy" or "market" solutions. Kropotkin's mix of science and politics are not vestiges of a bygone age, but very relevant ideas deserving greater intellectual and political engagement.

References:

☐ Stephen Jay Gould, "Kropotkin Was No

Crackpot," Natural History, July 1997, available at <http://www.marxists.org/subject/science/essays/kropotkinhtm>.

☐ For experimental fairness, see Ernst Fehr et. al., "Fairness and Retaliation: The Economics of Reciprocity," Journal of Economic Perspectives, Summer 2000.

☐ For group selection giving rise to cooperation, see Elliott Sober and David Sloan Wilson, *Unto Others*, Harvard University Press, 1998.

☐ For egalitarian cooperation in hunter-gatherers, see Christopher Boehm, *Hierarchy in the Forest*, Harvard University Press, 1999.

☐ The remarkable case of Balinese rice farming is found in Steven Lansing and

John Miller, "Cooperation in Balinese Rice Farming" at <http://www.santafe.edu/sfi/publications/wpabstract/200305030>.

☐ For community solutions to public goods problems, see Elinor Ostrom's classic *Governing the Commons*, Cambridge University Press, 1990 and *Trust and Reciprocity*, Russell Sage Foundation, 2003.

☐ For Open-Source Software, see Yochai Benkler, "Coase's Penguin, or Linux and the Nature of the Firm," 112 *Yale Law Journal* 369 (2002) - also available at <http://www.benkler.org/Pub.html#IP>.

☐ For the efficacy of direct democracy, see Erik Olin Wright and Archon Fung, *Deepening Democracy*, Verso, 2003.

This article is reprinted by permission of the Center for Popular Economics (CPE). Suresh Naidu is Staff Economist for CPE, which is a collective of political economists based in Amherst, Massachusetts. CPE works to demystify economics by providing workshops and educational materials to activists throughout the United States and around the world. If you would like to get more information about setting up a workshop for your organization, or would like to receive more materials about CPE, please write to them, at programs@populareconomics.org. *Econ-Utopias and Econ-Atrocities* are a periodic publication of CPE. (For more information please visit our website: www.populareconomics.org.) They are the work of their authors and reflect their author's opinions and analyses. CPE does not necessarily endorse any particular idea expressed in these articles. If you would like to receive these bulletins automatically, you can subscribe at www.populareconomics.org/site_files/subscribe.html

Coming in April 2006

The Realities of Poverty in Delaware 2005 - 2006

Including new articles on

- ❖ Inclusionary Zoning
- ❖ Prisons and Justice
- ❖ HIV/AIDS
- ❖ Immigration
- ❖ Education
- ❖ Land Use & conservation
- ❖ Wealth Inequality

as well as collections of relevant national, state, and local statistics on social and economic justice issues



DHC Annual Day for Housing



2006 DAY FOR HOUSING
Wednesday, March 22
Dover



- ◆ Please mark your calendars
- ◆ Call your senator and representative now for appointments
- ◆ Morning program in the Public Archives Building
- ◆ Lunch and visits to Legislative Hall

See you there!



DELAWARE HOUSING COALITION
P.O. Box 1633, Dover, DE 19903-1633
Phone: 302/678-2286
Fax: 302/678-8645

NONPROFIT ORG
US Postage
PAID
Permit No. 111
Dover, DE 19901