

Delaware
Housing
Coalition
(DHC)



Delaware Housing Coalition

P.O. Box 1633
DOVER, DE 19903

Delaware Community Reinvestment
Action Council, Inc.
(DCRAC)



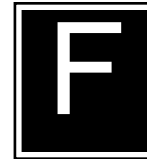
601 N. CHURCH STREET
WILMINGTON, DE 19801

Housing Opportunities of Northern
Delaware, Inc.
(HOND)

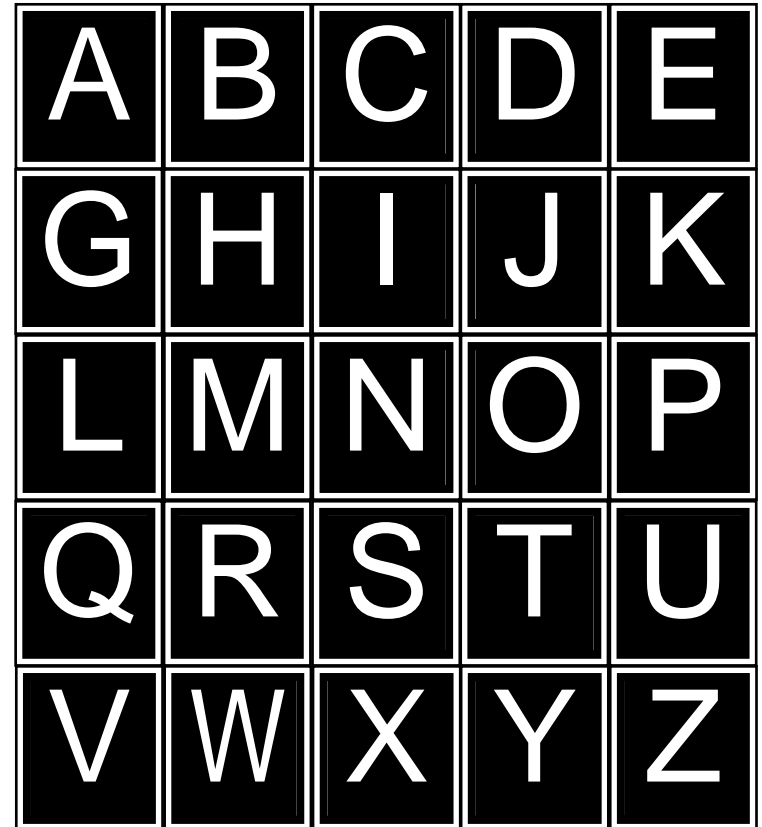


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FAIR HOUSING ISSUES IN DELAWARE



Reports From the Field

**edición bilingue*

V. FAIR LENDING LAWS

- I. Equal Credit Opportunities Act (ECOA)**
 - * Prohibits discrimination in lending on the basis of race, gender, national origin, religion, marital status, age, source of income, and for having exercised your consumer rights.
 - * The law also requires lender to respond to the loan application within 30 days.

- II. Fair Credit Billing Act**
 - * The law requires you to be vigilant. You must review your statements and report mistakes to the creditor (within 60 days after the first billing error).
 - * If the creditor finds that the mistake is genuine, for example, the charge was unauthorized, your maximum liability is \$50.

- III. Fair Credit Reporting Act**
 - * Gives you the right to order your credit report.
 - * You have a right to an accurate credit report. In other words, the credit bureau must correct it if you report it and it is verified.
 - * You have a right to have a 100 word statement included in your credit report.

- IV. Fair Debt Collections Practices Act**
 - * The Debt collector is prohibited from harassing, threatening, obscenity, depositing post-dated check prematurely, deceiving, and other such practices.

- V. Truth-in-Lending Act (TILA)**
 - * Applies if you borrow more than \$25,000 or your personal residence secures the loan
 - * When you apply for a loan and at closing, you will receive a Truth-in-Lending (TILA) form which includes the required disclosure on the Annual Percentage Rate (APR), plus the amount paid in finance charges.
 - * You have a right to rescind the loan (walk away from it) for 3 business days if your primary home secures the loan.
 - * If there is an error in the Truth--in-lending document, your right to rescind could be extended for three years.

Dear friends:

In celebration of the Fair Housing Month, three of Delaware's Fair Housing Initiative Program agencies are proud to share with you the collective efforts of the many practitioners and citizens who took the time to write down their thoughts about housing matters of concern to them. The articles collected here reflect both the impact of fair housing issues on our work in Delaware and the fair housing issues raised by that work. So, this publication is neither a fair housing primer nor an instructional book, although it is filled with important information on fair housing law and how to make use of it.

Our editorial policy in gathering these articles has been one of agreeing to disagree. Particular points of view included here may not reflect the position of all of our agencies and their boards. But each article reflects matters of concern to members of our constituencies and our clientele.

We offer them to the reader in the spirit in which they were given to us to publish: observations about the state of fair housing in Delaware and what can be done to improve it.

We want to thank Roger Hesketh, editor-in-chief. His creativity and hard work is reflected in the design, the lay out, and the critical placement of each article submitted for publication. Marah Coleman proof read each article and summarized many of them in Spanish. We hope that the Spanish summaries will be helpful to organizations and entities that serve our growing Latin American populations.

Gladys B. Spikes
Housing Opportunities Of Northern Delaware

Ken Smith
Delaware Housing Coalition

Rashmi Rangan
Delaware Community Reinvestment Action Council

IV. FAIR HOUSING LAWS

- I. Title VIII of the Civil rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, 42 U.S.C. § 3601 et seq.
- II. The Civil Rights Act of 1866, 42 U.S.C. §§ 1981 AND 1982
- III. OTHER SOURCES OF FAIR HOUSING LAW
 - A. The Fifth and Fourteenth Amendments
 - B. The Thirteenth Amendment
 - C. Title VI of the Civil Rights Act of 1964
 - D. Federal Housing Statutes
 - 1. U.S. Housing Act of 1937 (Title 42 U.S.C.) [covering public housing and Section 8 programs]
 - 2. National Housing Act (Title 112 U.S.C.) [covering HUD-assisted and HUD-insured programs]
 - E. Executive Orders 11063 and 12892
 - F. Other Federal Laws
 - 1. Equal Credit Opportunity Act, 15 U.S.C. §§ 1691 et seq.
 - 2. Community Reinvestment Act, 12 U.S.C. § 2901
 - 3. Uniform Relocation Assistance Act, 42 U.S.C. §§ 4601 et seq.
 - 4. § 504 of The Rehabilitation Act of 1973, 29 U.S.C. § 794
 - 5. Americans with Disabilities Act of 1990, 42 Disclaimer U.S.C. § 12132
 - 6. Migrant and Seasonal Agricultural Worker Protection Act, 29 U.S.C. §§ 1801 et seq.
 - 7. Age Discrimination Act of 1975, 42 U.S.C. § 6101
 - 8. Home Mortgage Disclosure Act, 12 U.S.C. § 2801
 - G. State Constitutions and Statutes and Local Ordinances

– from *Fair Housing: An Outline of Principles, Authorities, and Resources Regarding Housing Discrimination and Segregation*, by Florence Wagman Roisman, Professor of Law, Indiana University School of Law - Indianapolis, October 27, 2000.

The full article and links to all laws is available on the National Housing Law Project website, www.nhlp.org

II. DELAWARE’S FAIR HOUSING ACT

“This chapter is intended to eliminate, as to housing offered to the public for sale, rent, or exchange, discrimination based upon race, color, national origin, religion, creed, sex, marital status, familial status, age or handicap, and to provide an administrative procedure through which disputes concerning the same may effectively and expeditiously be resolved with fairness and due process for all parties concerned.”

Process:

The administrative process following the receipt of a complaint is nearly identical to that outlined under the federal Fair Housing Act except:

- * All authority goes to the State Human Relations Commission.
- * In the case of an administrative hearing, an Administrative Hearing Officer or Panel is appointed by the Commission Chairperson to hear the case.
- * The code does not require the Human Relations Commission to refer complaints to local public agencies when the complaint is taken from their jurisdiction.

Penalties: same as under federal law.

III. FAIR HOUSING, CITY OF WILMINGTON CODE

“The provisions of this article are intended to eliminate, as to housing offered to the public for sale or rent, discrimination based upon race, age, marital status, creed, color, sex, sexual orientation, handicap, national origin or economic status as a welfare recipient, person dependent on fixed income or as a parent with a minor child or minor children.”

Process:

- * The city has designated Housing Opportunities of Northern DE, Inc., as its advisor on the issue of fair and equal housing.
- * Complaints are filed with the city minority affairs commission for review and investigation.

Any Person found guilty of an unlawful practice shall be fined not more than \$2,500.00 or imprisoned for not more than one year, or both.

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Zeroing in

WHAT HAPPENS TO YOUR FAIR HOUSING COMPLAINT

Roger Hesketh, DCRAC

I. FEDERAL FAIR HOUSING ACT

"It shall be unlawful for any person or other entity whose business includes engaging in residential real-estate transactions to discriminate against any other person in making available such a transaction, or in the terms or conditions of such a transaction because of race, color, religion, sex, handicap, familial status, or national origin."

- * Those in the business of renting or selling property for residential purposes must abide by the Fair Housing Act (FHA).
- * Discrimination is prohibited on the basis of race, color, religion, sex (gender), handicap, familial status (children), or national origin.
- * Action or inaction should not limit the housing choices for the protected classes. Nor should there be different terms and conditions for housing for the protected classes.

Process:

- * The Secretary of HUD is charged with administering the Act.
- * Consumer may file a complaint with the Secretary.
- * The Secretary may investigate housing practices on its own to determine whether a complaint should be brought.
- * The Secretary investigates the alleged discriminatory housing practice, engages in conciliation to the extent possible, and if necessary issues a charge on behalf of the aggrieved person.
- * The Secretary may, at any time following a complaint, authorize a civil action for temporary or preliminary relief pending a final disposition of the complaint.
- * When a charge is filed, if no party elects a civil action the case may be decided in an Administrative Hearing and the Secretary petitions for a court enforcement.
- * If a complaint is filed from a jurisdiction where an agency has been certified by the Secretary, before HUD acts, the complaint will be referred to that agency.

Maximum penalty for violating FHA is \$100,000. Factors considered are: number of violations and whether the case is decided in a civil action or in an Administrative Hearing.

Delaware Housing Coalition

“To advocate for safe, decent, and affordable housing throughout the state.”

Delaware Statewide Association of Tenants (SWAT)

Resident councils and advisory groups address their own housing needs

Grassroots Education & Research

Encourage local organizing in public and subsidized housing sites
Coordinate logistics & provide staff support to the emerging organizations

Tenants’ Rights Hotline

1-888-335-7928

Electronic & Print

www.housingforall.org, *The Housing Journal*,

translations: (*¡Tenemos derechos!*, *Mobile Home Code*)

Housing Opportunities of Northern Delaware, Inc.

“To promote equal access to housing regardless to race, age, marital status, creed, color, sex, national origin, persons with disability, religion and familial status under the national, state and local Fair Housing Laws in Delaware.”

Fair Housing Law Education and Housing Education

Teaching the tools to rent and purchase affordable and decent housing

Fair Housing Counseling

For those who feel they have been discriminated against in renting or buying

Compliance

“Fair Housing Testing Program”

Direct Assistance

Providing assistance, and Housing and Mobility Counseling certificates

Advocacy

Legislation pertaining to local, state and national Fair Housing Laws

Research and Special Projects

Partners to develop and conduct research to eliminate inequitable housing

Delaware Community Reinvestment Action Council, Inc.

“To ensure equal access to credit and capital for the under-served populations & communities throughout Delaware through Education, Advocacy, & Legislation.”

Money Matters!/Fuerza Financiera

Statewide seminars on money, investment, credit, consumer protection, etc.

Small Business Open Houses/En Comercio

Opportunities for entrepreneurs to meet Small Business Resource Providers

Electronic & Print

Delaware CRA News, www.dcrac.org

Advocacy

Fair Housing & Fair Lending

Television Program/ Fuerza Financiera

Money Matters, Home ownership, and Entrepreneurship

Affordability

DELAWARE NEEDS A HOUSING PLAN TO SERVE THE VERY LOW INCOME

Joe L. Myer, NCALL Research, Inc.

The “Housing Continuum” spoken about by housing professionals starts at one end of the spectrum with people who have no housing or live in substandard or overcrowded conditions, all of which cause major health and safety concerns. Others towards the same end pay far too much of their income for housing, creating a rent-burdened situation. Therefore, dollars that should go for food, health care, clothing, transportation and other essentials must go for housing costs.

At the opposite end of the continuum are those who are satisfactorily housed, often owning a home. Some may own two homes, or at least a home the size of two or more modest homes. In between are people in transitional housing, subsidized rentals, market rate rentals, and those who aspire to homeownership, many with issues and barriers to overcome.

The past and current federal administrations have and are concentrating their housing policies on increasing the rate of homeownership. This is a reasonable goal because homeownership has many benefits. Certainly barriers to homeownership need to be eliminated so that everyone that wants to and has sufficient income and credit standing can enjoy the American Dream. Therefore, housing policy for the last decade has been assisting those generally somewhat adequately housed to move from rental to homeownership, without addressing housing for the very poor.

This federal priority of homeownership has become a priority of most states as well. Should this surprise anyone? Homeownership is apple pie and baseball. It adds to the tax base, it creates an asset, and it can lead families towards some level of financial independence. It is politically correct to emphasize homeownership and help those that are within reach to achieve it.

However, what happens to those that are ill-housed or homeless and not now within reach of the homeownership priority? Delaware appropriates only \$4 million or less a year for affordable housing. Virtually all other assistance is passed through to the state and jurisdictions from the federal government.

It is unfortunate that we were not investing more into affordable housing when the economy was performing better. What happens to the home-

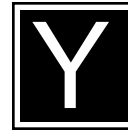
less, the ill-housed, the rent-burdened, households with special needs, persons moving off welfare, and those with incomes too low to qualify for market-rate housing or homeownership?

If homeownership is not now within a family's reach, the option is rental housing. Market rate rentals are expensive, exceeding often what people under the median income can pay. Low Income Housing Tax Credit apartments, the nation's current rental production program, are cumbersome and costly, but they have served thousands of households with a step-up in affordable housing. However, LIHTC projects typically serve tenants within a small range of income (50% to 60% of median income) and often the rents are far too high to serve those in poverty. Chances are if you are working in the service sector, fast food, retail, agriculture, poultry processing, or are employed part-time, you probably will not have sufficient income. For lower incomes there are some limited public housing and Rural Development apartments that have deep rental subsidies. These apartments remain full and have extensive waiting lists because they serve the very low income and the demand is high.

The answer would seem to be to build additional deeply subsidized apartments. Unfortunately, Federal dollars for USDA's Rural Development apartment program (Section 515) have been reduced from \$540 million in 1994 to \$60 million in the FY'2003 budget, with zero for the first time in 30 years for new construction. On the urban side, HUD has very little deeply subsidized new construction financing. State funding for affordable housing development is woefully inadequate and we are not aware of sufficient initiatives, programs, or resources targeted to improve housing for poorly housed residents in poverty.

At the same time, a February 2002 Kids Count Report shows Delaware's child poverty rate to be increasing while the nation's rate decreases. Delaware's rate is the highest in ten years. Child poverty rates in Kent and Sussex are shameful, almost double those of New Castle County, with nearly a quarter of the children living in poor households.

Should we be satisfied with homeless shelters that are full and turning people away? Should we do nothing when hundreds and thousands are on waiting lists for assisted rental housing? For example, eighty-seven families have already applied for twelve apartments which are currently under construction in Millsboro (7 families for every unit). Can we sleep at night knowing people are living in conditions that most people would not keep their dog or cat in? Is it right for people to have to sleep in shifts the same as they work? Is it heartening to know that shallow wells and inadequate sewage disposal systems create health problems for many smaller communities and settlements? What is wrong with this picture?



our friends in housing

**WHO TO CONTACT WITH
A COMPLAINT OR A QUESTION**
DCRAC

HUD funded FHIP Agencies

Delaware Community Reinvestment Action Council, Inc. (DCRAC)

601 N. Church Street, Wilmington, DE 19801
(302) 654-5024, (877) 825-0750 toll free

Delaware Housing Coalition (DHC)

1 West Market Street, Suite F
Georgetown, DE 19947
(302)-854-9768

Housing Opportunities of Northern Delaware, Inc. (HOND)

100 West 10th St., Suite 1004, Wilmington, DE 19801
(302) 429-0794

Independent Resources, Inc.

Two Fox Point Road
6 Denny Road, Suite 101, Wilmington, DE 19809
(302) 765-0191

HUD funded FHAP Agencies

Human Relations Commission

820 N. French St., Wilmington, DE 19801
(302) 577-5050

HUD

Housing and Urban Development
1 Rodney Square
920 King Street, Suite 404, Wilmington, DE 19801
(302) 573-6300

There are many other non-profit and governmental agencies that can assist you in your housing journey. Call any one of the above and they will guide you to the appropriate individual who can meet your housing need.



-ing out discrimination

WHY DO WE NEED FAIR HOUSING TESTING?

Gladys B. Spikes, HOND

The Fair Housing Act gives the consumer of housing certain rights, and with rights come responsibilities. However, thanks to savvy real estate and lending professionals it is sometimes difficult for a consumer to know that they have been discriminated against. Therefore, testing plays a crucial role in the investigation of fair housing. *Testing is a controlled process used to determine where housing discrimination based on race, national origin, religion, sex, familial status, or handicap may exist.*

What do testers do?

- * Testers receive assignments from a testing coordinator.
- * Characteristics such as marital status, income, occupation, and existence of children may be assumed for the assignment.
- * After receiving the assignment, testers go to the rental site and pose as home seekers, inquiring about availability and rental rates and viewing a potential apartment.
- * The tester's role is to remember everything that was said and done during their site visit.
- * Testers must then complete several forms documenting their experience and go through a debriefing process with the testing coordinator, relating the experience in detail.
- * It is not the tester's job to determine if discrimination exists. Every tester will have a counterpart (control) who lacks the characteristic or characteristics being tested for discrimination.
- * The testing coordinator takes the information gathered by both testers and analyzes it.

Is testing legal? Yes. The Supreme Court maintains that testing is a legal and appropriate way to detect housing discrimination.

Is there any compensation for testing? Every tester receives a fee for each completed test according to the fee scale upon completion of each test. Each tester receives a mileage compensation for each test.

A total of more than 270 Fair Housing Tests have been performed since 1997 and have provided statewide testing analysis in the area of sales, rental, lending, and homeowners insurance under the Fair Housing Laws. We need committed volunteers to be testers and assist HOND in this area.

Why are we not targeting appropriate assistance to the people with the greatest housing needs?

Somewhere along the road, providing housing assistance to the poor became unacceptable. Along that same road, offering tax credits to investors and mortgage interest deductions to owners became acceptable. Which costs the government more? Most would have us think subsidies are a never ending trough. Would it surprise you to know that the mortgage interest deduction alone will cost America \$107 billion in lost revenue for FY'2003, 3 1/2 times HUD's budget? We, who are homeowners, must realize that we are subsidized by the government and should not wince when we are asked to support greater appropriations for affordable housing.

We cannot afford to avoid this issue any longer. Decent, affordable housing for those in poverty must become a priority of Delaware. Creative minds should be summoned to come up with a plan to address this need. Adequate resources must be appropriated to address this issue head-on rather than sweeping it under the rug. The investment must be made if we are to make any headway this decade. Status quo is not good enough—it actually moves us further behind. Let's demonstrate leadership and show the region and nation that Delaware cares and it will not tolerate the housing crisis facing the very low income.

The clock is ticking!

SUMARIO:

Delaware gasta solamente \$4 millones o de menos al año para la cubierta comprable. La política federal de vivienda para la década pasada se ha centrado en asisitir a los que tienen algo adecuado para moverse desde alquiler al poseer. Pero la vivienda para los muy pobres ha estado descuidado. Los dólares federales para el Desarrollo Rural, sector del Ministerio de Agricultura de los EE.UU., se han reducido a partir de \$540 millones en 1994 a \$60 millones en el presupuesto 2003. Por la primera vez en 30 años, este programa sedó cero hacia la nueva construcción. El índice de la pobreza del niño de Delaware está aumentando, mientras que el índice de la nación disminuye. En Delaware es lo más alta en diez años. El público y los funcionarios eligidos se oponen a la vivienda pública ilimitada para los pobres. Pero, la deducción del interés hipotecario disponible a los dueños de casa costará a los EE.UU. \$107 billones en el rédito perdido por el ejercicio económico 2003, tres y mitad de los tiempos del presupuesto de HUD (el Ministerio de la Vivienda y Desarrollo Urbano).

B uilding equity

SWEAT EQUITY

Kevin Smith, Habitat for Humanity

A vital element of the Habitat for Humanity ministry is sweat equity, where the real ministry of Habitat takes place. Sweat equity refers to the actual hands-on involvement of homeowners in the work of building their houses and helping in the construction of other Habitat houses. The community comes together to build the homes in partnership and to understand the need.

Sweat equity also embodies the many elements necessary to overcome the cycle of poverty: self-esteem, positive feedback, education, delayed gratification and reward, empowerment, and acceptance as part of the community. Homeowners invest equity into their homes as they actually sweat through the labor of pounding nails, painting, and hanging dry wall. The family gains self-esteem and pride as well as the basic knowledge about their home. Habitat's experience is that families with pride in their work maintain the home because of the very personal ownership that evolves through sweat equity.

For example, when adult members of a family hang and paint dry wall, their investment means that keeping that wall in good shape will be a top priority. If a child accidentally puts a hole in the drywall while playing, however, the homeowner is prepared to repair that hole with the knowledge gained while working their sweat equity. Certainly sweat equity is an important part of empowerment.

From the family support perspective, sweat equity is all-important in building friendships and community among the volunteers and homeowners. The sponsor plays a vital role in the sweat-equity process by working with the family as often as possible. Some families may be intimidated on the construction site and may need a friend to support them in the new surroundings.

Sweat equity is one part of the homeowner's contribution. Sweat equity establishes the sense of ownership and allows family members to gain skills important to maintenance of their home. 225 hours of sweat equity is established as a goal for the first adult member of the family and 150 hours of sweat equity for each subsequent family in the house.

domestic violence groups' lobby, the appropriations committee agreed to pass the bill, provided it guaranteed \$2 million toward housing for victims of domestic violence, with a total amount of \$12 million. In June, the bill passed in- 93-32 in the House and 32-0 in the Senate, and the group switched tactics from persuading legislators in Augusta to educating the voters throughout the state.

Meanwhile, people in Maine were very aware of the need for affordable housing in the state. In Portland, Maine's largest city, vacancy rates are estimated to be between 1-3 %. As in most places in the US, rents are rising higher than wages: in 2001, the wage needed to afford a two-bedroom apartment was \$11.80, up over 11% in the last two years. In her 2001 book about the housing crisis, *Nickled and Dimed: On (not) getting by in America*, Barbara Ehrenreich devoted a chapter to the difficulty a low-wage worker would have finding housing in the greater Portland area.

Across the state, everyone is talking about the issue of affordable housing. During the housing bond campaign, several times a week, articles about the lack of affordable housing appeared in newspapers from Bangor to Portland. Advocates of affordable housing around the state wrote letters to their local newspapers about the need for affordable housing in their communities, and how the bond bill would help. With a favorable media environment, and strong support from groups around the state, the bond bill group had most of the help they needed. The group formed a political action committee, HOMES: Housing Opportunities Make Economic Sense. With a minimal budget (\$18,000) they hired a campaign coordinator to ensure support from the diverse and distant regions of the state, and to coordinate media events, and to solicit support by affordable housing groups around the state. They printed bumper stickers, and distributed simple, colorful flyers in public locations around the state. In October, The Maine State Housing Authority launched an anti-NIMBY (Not In My Backyard) campaign to educate people about the difficulty for low-wage professionals like teachers, nurses and firefighters to live in the communities they serve. On Election Day, the housing bond passed with 58% of the vote. Currently HOMES is looking at how to most effectively get the money on the street. The Maine Affordable Housing Network, a CEI project, is organizing public forums to solicit suggestions from the affordable housing advocates that were crucial to getting the bond passed, both in the house and in referendum. Three forums will be held in locations around the state, and the Maine State Housing Authority has agreed to use the results of these forums in creating the funding opportunities with the bond money.

For more information, contact Holly Baldwin, Maine Affordable Housing Network at 207-882-7552x168 or hlb@ceimaine.org.



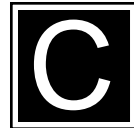
Working together

HOW MAINE VOTERS APPROVED A \$12 MILLION BOND ISSUE FOR AFFORDABLE HOUSING
ME Affordable Housing Network, Coastal Enterprises, Inc.

In November 2001, the voters of Maine passed in referendum a bill that would provide \$12 million for construction of affordable housing around the state. New housing will be created and older housing rehabilitated to provide sorely needed units for Maine's homeless, mentally ill, victims of domestic violence, and low-income population. This is a great victory for affordable housing advocates, one that is the result of months of hard work.

In December 2000, Coastal Enterprises, Inc., a statewide community development corporation was among two groups proposing legislation to appropriate bond money for affordable housing production that came together to create a single housing bond bill. One group was proposing \$10 million for non-profit capacity building, land acquisition and property preservation, renovation and rehabilitation. The other group was seeking funds for housing for victims of domestic violence and supportive housing for people with disabilities. These two groups merged their ideas, and created "An Act to Address the Affordable Housing Crisis in the State of Maine," a bill that would provide \$20 million for transitional and permanent housing for the mentally ill, for victims of domestic violence and for the homeless, land acquisition, non-profit capacity building, and home repair/rehab.

The core group working for passage of the bill included representatives from the Community Action Agencies; the Maine State Housing Authority; groups providing services to victims of domestic violence, people with mental illness, and the homeless; Coastal Enterprises, Inc, representing community economic development; public housing authorities; and municipalities. This group put aside individual concerns and worked together to create a comprehensive piece of legislation that would increase the amount money available for creating affordable housing, regardless of who specifically would benefit. The group solicited endorsement from key groups and individuals around the state: Real Estate professionals, Chambers of Commerce, Construction, Homelessness groups, Affordable Housing groups, Community Development groups, Mental Health Providers, Churches, Bankers, Labor Groups, Health Care groups, municipalities, senior groups. With these endorsements, countless conversations with legislators, and letters from affordable housing advocates around the state, the group was able to bring together 67 co-sponsors. In committee, the bill was in danger of being lost entirely, but a last minute compromise by the



Counseling

**HOUSING COUNSELING:
SOMETIMES THE FORGOTTEN COMPONENT**
Debbie J. Andrews, NCALL Research, Inc.

One of the greatest opportunities that a potential first time homebuyer can take advantage of is by attending a pre-purchase housing counseling program. Professional consumer education and guidance removes barriers and obstacles to achieve homeownership. Annually, the Delaware Home Mortgage Disclosure Act Report discloses that there is still a high number of low income, minority applicants who are denied mortgage loans in our state. However, once a first time homebuyer has received pre-purchase housing counseling their chance of being approved for a mortgage loan is almost assured. Insuring that families receive pre-purchase education and counseling can also reduce the number of foreclosures by first time homebuyers. Pre-purchase housing counseling is a win-win situation for all involved in the home buying process. Lenders will have customers who are ready for a mortgage loan; Realtors have customers who can follow through with the sales contract; settlement attorneys have clients who understand the closing documents; and for the homebuyer it's a more pleasant experience.

Pre-purchase Housing Counseling offers education and counseling to prepare families for the complex processing of buying a home. The curriculum emphasizes money management, resolving credit problems, understanding credit and the credit reporting process, establishing savings, evaluating housing options and the mortgage process. Housing counselors look out for the best interests of the homebuyer. Counselors spend hours handholding clients as they work through repairing their credit and working on budgeting issues. Housing counselors encourage and motivate families through financial hardships and sometimes very long process towards homeownership.

The counselor assists the families in determining the range of the purchase price and the mortgage amount they qualify for and can afford. The clients are shown what their housing and total debt ratios will be and also ensuring that their monthly mortgage payment fits into their monthly budget. A review of the special mortgage programs and down payment and settlement assistance programs that are offered in Delaware are explained. These programs offer reduced interest rates and assistance with the costs involved in the purchase of a home. Whether it is a FHA, VA, conventional, Rural Development or a state bond program, housing counselors know and can explain the programs. Also, Counselors know what other resources are available in their communities.

The home search process can be confusing and often overwhelming. It's important for families to have a good understanding of their housing options. The families are educated in the process of negotiating a sale; they review

the sales contract, addendums and the seller's disclosure. Buyers are educated to look beyond the house. Take a look at the neighborhood; zoning restrictions, homeowner's associations, environmental issues, crime rate and types of utilities that should also be taken into account. Once a home has been chosen a home inspector should be contacted and the buyers should attend the home inspection. Homeownership counseling also prepares individuals for the responsibilities of homeownership. Before settlement, the families complete a proposed budget using their new housing expenses. They get advice on careful record keeping, home maintenance, crisis management, prepayment options and mortgage servicing. Educated consumers make wise decisions. Couseled homebuyers are then confident about the decision and comfortable with the financial aspects of this large investment.

Housing Counseling educates families about how they can protect their equity in their home. With the increasing number of families obtaining sub-prime second mortgages and predatory mortgage loans that charge families outrageous rates, points and fees Housing Counseling alerts the families to these pit falls. One's home is an investment, the largest asset most families will ever have. There are so many other benefits that homeownership offers families. A home is a place for growth, stability and increased prosperity to a family. Homeownership can also have a positive impact on children- they have a place they can call their own. Homeowner's are often more involved in their communities. Homeownership Counseling is best provided prior to selecting a house and mortgage lender. Unfortunately, many customers are not informed about the availability of pre-purchase housing counseling until after they have signed a sales contract and have pre-approval on their mortgage loan. Whose best interest is being served in this case? Why is pre-purchase counseling an after thought? Furthermore, most first time homebuyer's mortgage programs and down payment and settlement assistance programs require housing counseling, but too late in the process. Often, clients are being pushed through the housing counseling program just prior to their settlement date. NCALL's experience counseling thousands of clients is that they complete the program better educated and confident about what they are doing, but they always ask why didn't anyone tell them about this program earlier. Having Housing Counseling as the first step in the home buying process would make sense.

Remember, Homeownership Counseling is a key ingredient to the success of any homeownership program. When thinking of homeownership, think of counseling first, not as an after thought or the forgotten component.

THE FAIR HOUSING ACT DHC

The Fair Housing Act prohibits discrimination in housing because of:

- Race or color
- National origin
- Religion
- Sex
- Familial status (including children under the age of 18 living with parents or legal custodians; pregnant women and people securing custody of children under 18)
- Handicap (Disability)

What Housing Is Covered?

The Fair Housing Act covers most housing, including sale or rental.

In some circumstances, the Act exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

What Is Prohibited?

- Refuse to rent or sell
- Refuse to negotiate
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting)
- Deny access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

In Mortgage Lending, the following is prohibited:

- * Refuse to make a mortgage loan
- * Refuse to provide information about loans
- * Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- * Discriminate in appraising property
- * Refuse to purchase a loan
- * Set different terms or conditions for purchasing a loan.

It is illegal to:

- * Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- * Advertise or make any statement that indicates a limitation or preference based on the protected class. Applies to single-family and owner-occupied housing that is otherwise exempt from the Act.



LA LEY DE VIVIENDA JUSTA DHC

La Ley de Vivenda Justa prohíbe la discriminación en la vivienda en razón de:

- Raza o color
- Origen nacional
- Religión
- Sexo
- Estado familiar (incluida la presencia de menores de 18 años que viven con sus padres o tutores legales; mujeres embarazadas y personas que intentan conseguir la custodia de menores de 18 años)
- Incapacidad

¿A qué tipos de vivienda se refiere la ley?

La ley de Vivenda Justa se aplica a la mayoría de las viviendas. En ciertas circunstancias, la ley exime a los edificios de no más cuatro unidades ocupados por sus propietarios, las viviendas unifamiliares vendidas o rentadas sin la participación de un intermediario y las viviendas administradas por organizaciones y clubes privados que limitan la ocupación a sus miembros.

¿Qué está prohibido?

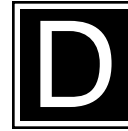
- negarse a rentar o vender una vivienda
- negarse a negociar una vivienda
- proporcionar vivienda
- negar una vivienda
- establecer términos, condiciones o privilegios diferentes para la venta o renta de una vivienda.
- Proporcionar diferentes servicios o instalaciones.
- Negar falsamente la disponibilidad de la vivienda para inspección, venta o renta
- membrecías o facilidades, relacionadas con la renta o venta de viviendas.
- Por ganancia monetaria, persuadir a los propietarios a vender o rentar una vivienda, indicándoles que grupos minoritarios como personas de otra raza se están mudando en sus vecindarios. Esta práctica se denomina "blockbusting".
- Negar acceso al corretaje de listas múltiples u otros servicios, relacionadas con la renta o venta.

En el caso de préstamos hipotecarios:

- * negarse a otorgar un préstamo hipotecario
- * negarse a proporcionar información sobre préstamos
- * imponer diferentes términos o condiciones a un préstamo
- * discriminar en la tasación de una propiedad
- * negarse a la compra de un préstamo
- * imponer diferentes términos o condiciones para comprar un préstamo.

Además es ilegal que cualquier persona

amenace, coaccione, interfiera o intimide a otra persona que ejerza un derecho de igualdad de oportunidad en la vivienda, o asista a otras en el ejercicio de tal derecho; nuncie o efectúe cualquier declaración que indique una limitación o preferencia en razón de raza, color, origen nacional, religión, sexo, estado familiar o incapacidad. Esta prohibición de publicidad discriminatoria se aplica a aquellas viviendas unifamiliares y ocupadas por sus propietarios que se hallan exentas de la Ley de Vivienda Justa.



CONCERNS OF THE DISABLED AND THE AGING Roger Hesketh, DCRAC

The Fair Housing Amendments Act of 1988 amended the Fair Housing Act to add prohibitions against discrimination on the basis of disability and familial status. The amendments also made it unlawful to design and construct certain multifamily dwellings for first occupancy after March 13, 1991, in a manner that makes them inaccessible to the disabled.

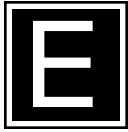
DCRAC's recent survey identified concerns for two groups:

- I Physically disabled and the aging populations
 1. Accessible & Affordable housing.
 2. Transportation.
 3. Blatant violation of the Fair Housing Amendments Act.
- II Those serving people with Psychiatric Disability:
 1. Bias and prejudice.
 2. Local zoning laws.

A municipality, in enacting zoning ordinances, should know that the following would constitute a Fair Housing Act violation:

- * Prohibit housing for persons with disabilities from locating in an area where other groups of unrelated individuals can live.
- * Denying a permit for a home because of the disability of the individuals who live there.
- * Refusing to make reasonable accommodations (determined case-by-case) in policies where they may be necessary--to afford the disabled equal opportunity to use and enjoy housing.
- * Density restrictions (requiring group homes to be a certain distance from each other) are generally inconsistent with the act.
- * Failing or delaying response to a reasonable accommodation request.
- * Blocking group home because of neighbors' fears or prejudices.

To the larger community, we say don't let your unreasonable and unjustifiable fears destroy our social fabric. Study after study shows that group homes, where supportive services are readily available, are not only economically efficient, but a social necessity. Thus, when communities and elected officials lead a hostile NIMBY response, their actions hurt us all.



Eliminating homelessness

DELAWARE NEEDS TO FOCUS ON ELIMINATION OF HOMELESSNESS

Steve Goodfriend, Gateway House

Homelessness is a problem that negatively impacts the quality of life for everyone in Delaware. Not only is the homeless population forced to live/exist in situations not fit for our fellow human beings; but also, this population is forced to use emergency shelters and emergency services. This practice drains all of us of resources without effective results; we need to take action to reverse this trend. Research findings strongly suggest that, while it may be difficult, it is possible to achieve the goal of preventing and ending chronic homelessness in Delaware.

Homelessness in Delaware—Solutions to Eliminate Chronic Homelessness, a newly published research study prepared by SBM Housing, Inc./Gateway House, points out that Delaware has a much higher proportion of homeless families who are using emergency shelters and services than national averages. Making this bad situation worse, the demand for shelters and support services exceeds the supply—and that is not just because we are caught in an economic downturn. This sad situation exists despite the healthy economy of the past decade, during which chronic homelessness dramatically increased, leveling off higher numbers as we entered the 21st century. Delaware has at least 1,400, and probably more than 2,000, chronically homeless men, women, and children.

The way to prevent and end chronic homelessness in Delaware and achieve this much needed goal as delineated in the research, is for us to provide sufficient affordable permanent housing coupled with the coordinated delivery of supportive services. This combination of efforts – housing and supportive services – is recognized in national research as the proven best practice. Providing this combination of long-term/permanent housing plus supportive services helps to remove the societal and personal barriers to independent living, and goes further to stop the cycle of homelessness that finds men, women, and children going in and out of shelters and using emergency service facilities year after year.

There are five action steps that we must take if we are to achieve the elimination of chronic homelessness in our State:

The **first** step is mandatory if we are to succeed: We must make the elimination of homelessness a top priority in our state—and not just because it is the ethical thing to do.



Urban renewal

“ATELJEE” ZONING

Kevin Melloy, Cool Springs Resident

Wilmington has a stockpile of century old properties that need to be reinvented to meet today’s needs. A majority are corner vacancies. Wilmington can boast having over 156 derelict corner buildings. The original use was typically a small family owned business where the family then lived in one of the 2 upstairs apartments. As the American Dream moved these families to suburbia and stores to strip malls, the empty buildings became a highly visible blight in our urban center.

Vacant corner buildings are targets for vandalism degenerating urban areas into being labeled “the inner city” and perpetuating the negative city image associated by most driving past in the comfort of their auto on their way to their suburban home.

Current zoning laws eliminate business use if vacant unless a zoning variance is approved. There is legislation in city council that would put a moratorium on conversions to bring these buildings back on line except for strictly residential use. Small businesses should be encouraged in our communities, not eliminated.

We need to attract people to occupy these properties and start community based small businesses to breathe life back. The local banks should be forced to create an affordable hybrid residential mortgage program for these unique properties whereas now a commercial loan needs to be obtained for the buildings. The interest rates are high and stricter criteria unreachable by most.

It is ridiculous that these properties are treated as commercial buildings just like a high rise etc. Some progressive cities have live-work zoning whereas small businesses can also double as studio home. This is commonly known in Western Europe as “Ateljee.” “Ateljee” zoning would allow the reuse of the former corner market to house a self employed designer, upholsterer, accountant, etc. Citizen involvement is required to bring change.

ment. Local law enforcement has acted to enforce this curfew.

Latino and African-American families living in a complex in a small Delaware town are “evicted” with the help of town police in violation of Delaware law.

A few landlords seem to encourage bad tenancy. An out of compliance tenant may have little ground to stand on in a dispute with the owner.

Management in public housing instigated hand-picked tenant councils competing with the duly- elected independent tenant council.

Management developed a second, favored, tenant group which received favors, attention, and perquisites not given to the duly elected, representative resident group.

Management talked negatively about resident organizers and the organizing effort; publicly voiced their opinions about who managers want, or don’t want, as resident leaders; did not follow through with commitments such as having the community room available for tenant organizing meetings; insisting that the content of tenants’ flyers had to be approved by management; did not allow tenants to post flyers in public places or tenants had flyers persistently disappear upon posting.

We make it clear to our callers that we are conveying information to them but not giving legal opinions. We are grateful for the training and technical assistance provided by the Delaware Community Legal Aid Society and for the many public offices and private agencies to whom we confidently refer callers.

The 1949 National housing goal challenged America to the “realization as soon as feasible of the goal of a decent home and living environment for every American family.” Congress certainly envisioned an eradication of the myriad ways that elderly and other vulnerable tenants are subjected to neglect and intimidation by landlords who bully them and are openly contemptuous of the law. We look forward to continuing the dialogue with the community through the hotline and other venues as we strive toward housing for all in our state.

Para obtener su copia (en Español) del **Código Legal de Propietarios/ Inquilinos de Delaware**, llame a:

For the **Delaware Residential Landlord/Tenant Code** call:

(302) 577-8600, *New Castle County*
(800) 220-5424, *Kent & Sussex Counties*

The Corporation for Supportive Housing (2000) makes it clear that the the public saves money by establishing and funding residential programs that provide supportive services to facilitate independent living. Residential programs make economic sense by reducing dependence on emergency shelters and expensive public health, mental health, and drug treatment services. Regarding substance addiction, supportive housing increases sobriety and reduces the use of costly inpatient treatment. Supportive housing costs between \$10,000 to \$15,000 a year for each person, depending on the geographic region and the services provided—at Gateway House, the annual cost per person is even less, at about \$8,000.

We can contrast this cost with alternate costs in Delaware to see how astounding the difference can be. A person needing a bed in an emergency shelter costs between \$9,000 and \$18,000 a year, and a transitional residence can cost up to \$46,000 a year for each individual. Many homeless people who are mentally ill, but who could be assisted to lead independent lives through permanent supportive housing programs, end up in group homes or institutions, at respective costs of \$50,000 and \$115,000 a year.

If Delaware makes it a priority to eliminate chronic homelessness, we can then take the Next Steps.

Second, we must make it possible for the homeless to obtain supportive housing, focusing on the Continuum of Care Model. This means going beyond emergency and transitional housing to include prevention and permanent supportive housing services.

Prevention is a vital first step in putting an end to chronic homelessness. Currently, prevention services are mostly crisis oriented, becoming available at the point of homelessness instead of before it occurs.

Third, we need to make funds available for less costly systems that more effectively serve the cause of eliminating homelessness. There are hidden costs of homelessness that need to be taken into account so legislators can make more effective resource allocations—those being the hidden costs related to expensive services being used, like hospital emergency rooms, psychiatric hospitalizations, custodial treatment programs, emergency shelters, motel voucher programs, and prisons.

Fourth, Delaware should centralize leadership around, and put resources behind, the issue of homelessness. Only through the allied efforts of all affected by homelessness in Delaware—social service and health organizations, business and community leaders, faith-based

organizations, educational institutions, government officials, the general public—will we be able to resolve the problem.

Fifth: Delaware needs to replicate successful models to develop and implement permanent supportive housing programs that work.

For the past several years, HUD has required local planning and implementation of partnerships among providers, governments, foundations, and businesses as a condition of funding for its homeless assistance programs. In Delaware, the Homeless Planning Council (HPC) manages the Continuum of Care Model and coordinates applications for funding from HUD's McKinney-Vento Act.

Statewide we need to encourage the work of the HPC and build more effective collaborations, establishing platforms for sharing information about model programs that address the needs of the chronically homeless.

As with any infection that threatens to spread and jeopardize our health, we need to eliminate the problem, not put a salve on the wound and pay for the damage later. The research makes clear, and experience proves, that preventing and eliminating chronic homelessness is possible. Delaware needs to turn possibility into a reality by making the issue of homelessness a top priority and following through with an approach that will capitalize on best practices to create and fund residential supportive programs that work. In this way, we save money, eliminate the cycle of chronic homelessness, and rescue lives, making Delaware a better place to live for everyone.

SUMARIO:

Hay cinco pasos de progresión de la acción necesarios si debemos eliminar el fenómeno de los sin hogar.

- * Debemos hacer la eliminación de personas sin hogar una prioridad superior en nuestro estado.
- * Debemos centrarnos en el modelo del cuidado continuada, yendo más allá de emergencia y de la vivienda transitoria a incluir la prevención y servicios permanentes de apoyo.
- * Necesitamos mostrar a legisladores los costos ocultos de los sin hogar- hospitalizaciones psiquiátricas, programas del vale del motel, y prisiones-para animarles a que hagan asignaciones de recurso más eficaces.
- * Delaware debe centralizar el liderazgo en este asunto.
- * Delaware necesita replegar los modelos acertados de la vivienda apoyada que funcionan bien en otros sitios.

The following are examples of situations called into the hotline.

Tenant is a single woman. Landlord lives within sight. Landlord monitored her movement and that of her visitors; raised voice and used frightening body language; went to the home without proper notice, pounded on the door and aggressively sought entry, wrote letters intended to scare, threatened with poor references, withholding their security deposits, and illegal eviction, published letter to the editor misrepresenting the tenant in thinly veiled language and cried crocodile tears about plight as a landlord.

Tenant receives housing assistance in a mixed income development. Landlord refused proper maintenance, upkeep and response— even though landlord receives comparable rent from the tenant.

Landlord belittles and speaks condescendingly when tenant seeks basic information about the lease, how the rent has been derived, and other questionable management practices.

Tenant is called derogatory names in public, cursed at, gossiped about, subjected to erratic and unfair management practices, lied to, and demeaned in many ways.

Tenant is directly or indirectly threatened with eviction for possible minor infractions and is kept on edge and feeling vulnerable.

Tenant of a particular ethnic/racial group was told by a manager that she/he ought to be ashamed to be receiving housing assistance at all.

A wheelchair-bound tenant was shamed by the maintenance crew for not being able to clean the walls and ceiling of the apartment.

Tenant is illegally threatened with eviction if they “push” landlords on making essential repairs required by the landlord tenant code.

Landlord visits tenant unannounced at homes and at place of work, publicly humiliates them, threatens them with eviction in front of neighbors, co-workers and supervisors.

Elderly tenants meet with statements from managers inviting them to move elsewhere when they offer constructive criticism or ask questions.

Residents of all ages of a subsidized multi-family development, where the population is predominantly African-American, are given a “Ten PM Curfew” by management as a way of curbing drug activity. This private company has received a drug elimination grant from the federal govern-

Tenants' rights

TENANTS' RIGHTS HOTLINE

Gina Miserendino, Delaware Housing Coalition

As we work to affect, impact, and shape the environment related to housing in Delaware, we seek to include as many voices as possible. It is vital to ensure that input from individuals affected by policies is introduced or reinstated into the decision-making process for serious consideration. The toll-free Tenants Rights Hotline (1-888-335-7928) has become instrumental in the effort to inform the fair housing dialogue in Delaware.

The hotline has become a dynamic and integral conduit, serving as our grassroots "eyes and ears" of the troubled and precarious environment in which so many live. It helps make real what is, and equally important, what is not going on with regard to fair housing, and affordable housing issues. It facilitates not only the sharing of Residential Landlord Tenant Code and Fair Housing information, and appropriate referrals, but affords us the opportunity to encourage tenants to exercise their rights and responsibilities and to speak for themselves with confidence.

In 2001 we responded to over 700 callers. Almost half sought affordable housing, the remainder sought information about their rights as tenants and other rights as residents of Delaware. Many callers self-identify as qualifying within protected classes of the Fair Housing laws, and we can further assist them as needed. Sometimes patterns emerge from a particular landlord or development, some cases are isolated. Most of our callers are low- and moderate-income, although we have answered calls from upper-income tenants and condominium dwellers.

Two important points: Tenants in good standing have the only real chance of asserting their rights. Tenants should document their entire relationship with their landlord and/or management company.

We have had occasional calls from landlords wishing to proceed against their tenants in a fair and legal way or wanting to know how to extricate themselves from a relationship with a tenant who, in their opinion, was taking advantage of them. We trust that these few calls reflect the majority of landlords and managers, seeking to right by their tenants and not to mistreat them. However, the picture which we have drawn from the calls has revealed a disturbing number of owners and managers who regard their tenants as part of their property, violating their legal rights as renters and, even more often, treating them with disrespect and sometimes with abuse.

Fair housing

A HISTORICAL OVERVIEW

Rourke Moore

This article is the outgrowth of a presentation that I made during a "Fair Housing" meeting in Milford. During the presentation, I shared with the group my perspective on the historical background for the 1968 Fair Housing Act, as amended. Additionally, I shared how my life has been impacted by the civil rights movement and the Fair Housing Act.

Former U.S. Senator Charles McC. Mathias, wrote "Fair Housing Legislation: Not an Easy Row to Hoe," an article that appeared in *Cityscape: A Journal of Policy Development and Research*, Volume 4, Number 3, 1999. Indeed, the road to the passage of the Fair Housing Act has not been easy. It has been rough and punctuated with progress and then setbacks. Discussed in its proper context, fair housing legislation is part of the larger struggle for civil rights. The current act was even part of a larger Civil Rights Bill of 1966 when it was initially proposed.

The framers of the Constitution of this democratic republic, the United States of America, were very brilliant men. The document and the form of government have endured time and challenges. The U.S. Constitution, as originally adopted, however was flawed and by some considered the "original sin" in this country's civil rights legacy. It was flawed because it did not franchise and extend civil liberties to people of color, women and non-freeholder men. The Constitution and the Bill of Rights legitimized slavery, counting a slave as three-fifths of a person, thereby upholding the slave trade and guaranteeing the return of all fugitive slaves to their owners. African Americans have a long history of fighting the injustices of slavery and de jure segregation. For example, in 1849 Benjamin Roberts sued the city of Boston to allow his daughter to attend the nearest elementary school and not have to travel across town to a segregated school. Then in 1857, the Supreme Court rendered its famous decision in the Dred Scott case. In its decision, the court denied citizenship to African Americans, whether slave or free. It held that blacks did not have constitutional rights because they were "subordinate and inferior beings."

Shortly thereafter, the country was at war to try to settle the issue of slavery and the rights of people of African descent. President Abraham Lincoln signed the Emancipation Proclamation in 1863, which ended slavery in states in which the Union army had control. Then in 1865 the Thirteenth Amendment to the Constitution was ratified and it abolished

slavery. After its passage, many states, including Delaware, passed state laws known as “Black Codes.” These were state laws that undermined the federal legislation by restricting the mobility and activities of freed slaves.

Then in 1866, the First Civil Rights Act was passed. It invalidated the “Black Codes”: and conferred the rights of citizenship on all black people. Equally important, it grants African Americans the right to engage in legally binding contracts. This legislation continues to be a critical factor in fair housing case law. In 1868 and 1870 African Americans were granted citizenship, and guaranteed equal protection under the law, and states were forbidden from denying, “life, liberty and prosperity” without due process of law. Then in 1875, the U.S. Congress passed the Second Civil Rights Act and it guaranteed equal access to public accommodations to all people regardless of race or color.

The fight to gain civil rights for people of color has been one of which gains have been reached only to face another set back. That was the case in 1896, when the Supreme Court handed down its decision in the Plessey v. Ferguson case. The Court upheld Jim Crow laws that created a legal sanction for the “separate but equal” rule which immediately resulted in a separate but unequal standard for African Americans. The Courts seemed to reverse itself and in 1917 ruled that the Louisville, Kentucky law requiring blacks and whites to live in separate sections of the city as unconstitutional. It might be worth noting that the National Association for the Advancement of Colored People (NAACP) was founded in 1909. This has been the premier organization in leading the fight for justice and equity in the African American community.

During the 1940's there were some dramatic developments in the area of civil rights and fair housing. For example, in 1941, President Franklin D. Roosevelt issued Executive Order 8802, which barred discrimination in defense industries and federal bureaus. President Roosevelt also created the Fair Employment Practices Committee. A Phillip Randolph, an African-American labor leader, helped move the President toward creating employment opportunities for African Americans. Randolph had threatened Roosevelt with a mass labor march on the nation’s capital.

In the early 1940's, large numbers of African American families were migrating from the rural south to northern urban centers and employment opportunities in the “war industries.” My family was one of those families. They migrated to Wilmington, DE between 1942 and 1943. In 1948, Charles H. Houston, the first official legal counsel for the NAACP, successfully argued a critical housing discrimination case before the U.S. Supreme Court. The case was Shelly v. Kramer in which the Court held

Delaware’s House Bill 99 would add “sexual orientation” to the existing laws prohibiting discrimination in the sale or rental of housing. It defines “sexual orientation” as “lesbian, gay, bisexual, or heterosexual orientation, real or perceived.” It retains certain already existing exemptions for religious organizations, private clubs not open to the public, and owner-occupied dwellings intended to be occupied by no more than 4 families. It is not a bill about “favoring” or “accepting” any sexual orientation, any more than the existing ban on discrimination regarding marital status favors the choice or circumstance of being single, married, divorced, or widowed. This bill applies equally to all lawful sexual orientations and fits within the original intent of Delaware’s Fair Housing Act that seeks to ensure that “all persons may fully enjoy equal rights and access to housing for themselves and their families.”

House Bill 99 simply adds a concept, that of “sexual orientation” to the nondiscrimination clauses for employment, housing, equal accommodations, insurance and public works contracts contained in Delaware Code. Sexual orientation is defined in HB 99 to include heterosexual, homosexual and bisexual individuals, whether the orientation is real or perceived. Pertaining to housing, it adds “sexual orientation” to the current unlawful practices concerning discrimination in the sale or rental of housing. Unlawful practices are defined in current law as a direct or indirect refusal, withholding or denial any of the sale or rental of housing or the advantages or privileges thereof or the advertising or solicitation for such that denies access to or states preference for race, age, marital status, creed, color, sex, handicap or national origin. The bill also adds “sexual orientation” to the current unlawful practices concerning discrimination in residential real estate-related transactions and the appraisal thereof and in the provision of brokerage services.

HB99 adds “sexual orientation” to the exempted situations specified above in the current fair housing law and to the prohibition of intimidation, violations and penalties section of the fair housing law. In the Delaware Landlord-Tenant law, it includes sexual orientation among the prohibited reasons for discrimination. It also specifies that no county recorder of deeds shall knowingly record or receive for filing any contract, mortgage, lease, deed or conveyance or any other indenture or agreement affecting real property, which contains any promise, covenant or restriction which limits, restrains, prohibits or otherwise provides against the sale, gift, transfer, assignment, conveyance, ownership, lease, rental, use or occupancy of real property to or by any person because of race, color, creed, sex, national origin, or ancestry.

These provisions are simple decency of the kind that each being desires for itself and those it loves. There is no great difference between us, but rather the inherent solidarity of our desire to be happy and safe and to be liberated somehow from the perils of the stream.



MAY WE DWELL IN PEACE

Ken Smith

“Let no one deceive another or despise anyone anywhere, or through anger or irritation wish for another to suffer”.

- - *The Discourse on Kindness*

It is commonly understood, with a little reflection, that each of us wishes to be happy and to avoid suffering. When we look within ourselves, we discover these inclinations are deeply embedded in us.

If we continue to observe these things, we begin to understand two things. The first is that we hold these desires for happiness and safety in common with all who are close to us, everyone we know, all those whom we do not know, and all living beings. The second is that we often fail to act to ensure our own happiness and safety, and that of others, because we have nursed an attachment to a doctrine, a view, or an emotion which prevents us from staying in touch with this universal desire to be happy and to live in safety and ease of well-being. Our doctrines and views create an intellectual construction: a bi-polar world, with “us” (or “me”) on one end, and “them” on the other. The emotions which accompany this construction usually include ill-will and aversion to “them.”

If, however, we turn back to ourselves, shorn of our views, we see that there is no “us” and “them,” but one struggling mass of humanity, all fearing death, all loving life, all seeking to be happy and safe within the conditions given us, all working to improve those conditions to increase our happiness and safety. When we observe, free of the views and the emotions which accompany them, we see that we all swim in the common stream of our humanness. This observation clears our minds and leads us to the insight that good will and harmlessness are the appropriate ways to respond to our fellow swimmers. They are struggling with the same currents and looking for a refuge amidst them.

One of the many views by which we falsely distinguish ourselves from one another is as to whom we chose to love and with whom we choose to create family. But this distinction is as artificial as all the other views by which we make distinctions. Once we abandon our views, to which we are so attached, we know that all of “us” and of “them” are temporary configurations. We do not last for long. And our making of distinctions among us only obscures the reason for our being here: to be kind, to do no harm, to become wiser.

it unconstitutional for federal or state courts to enforce restrictive covenants which barred persons from owning or occupying property because of race or color.

I entered elementary school just one year after the 1954 Supreme Court decision of *Brown v. Topeka Board of Education*, which banned “the separate but equal” doctrine in public education. The decision set the precedence for desegregation in education, housing and public accommodations. Equally important, during my formative years, my parents were involved in the labor movement. Their involvement exposed me to advocacy for social justice. Also, I was a very close friend of the late Norman G. Moyer, the son of Vivian C. Moyer and Reverend Dr. Maurice Moyer, who are pillars in the civil rights movement. The Reverend Moyer was very active in the local organizing effort for the 1963 “March on Washington for Jobs and Freedom.” A. Phillip Randolph, a principal organizer of the march, had fulfilled an earlier promise. He had helped to organize a mass labor and civil rights march on the nation’s capital. Also, during that period, my father became a leader in his local union and a vice president in the local chapter of the A. Phillip Randolph Institute.

When the U.S. Congress, passed the 1964 Civil Rights Act, the most far reaching civil rights act in modern history, I was beginning high school. The 1964 Civil Rights Act outlawed discrimination in privately-owned facilities, federally-funded programs and in employment. Consequently, the Act opened employment and educational opportunities for African Americans and women.

It is my understanding that the architects of the civil rights movement knew that breaking the barrier in housing discrimination was a linchpin in obtaining equity in employment and education. I believe they also knew it would be the most elusive element in the quest for social justice in America.

However, by the mid 1960's the nation seemed poised for a higher response to social justice. The social-political climate created a heightened sensitivity for our elected and appointed government officials. Therefore, when Martin Luther King, Jr., was assassinated in April 1968, the U.S. Congress was moved to pass the first leg of the Fair Housing Act. The Act was passed just six days after Dr. King was assassinated. The Act made it illegal, for the first time, to discriminate in the sale or rental of, private or public, housing on the grounds of race, color, religion, or national origin. As I stated in the beginning of this essay, the road to fair housing, “has not been an easy row to hoe.” To get the bill passed in 1968, a compromise had to be reached with key legislators which stripped the bill of its enforcement mechanisms. Consequently, housing

discrimination (though illegal) went largely unchallenged or ended in end conciliation with monetary damages being awarded to victims of housing discrimination. Then in 1988, twenty years later, the Act was strengthened to include enforcement mechanisms that allow Administrative Judges in the U.S. Department of Housing and Urban Development to hear and settle charges of housing discrimination.

The fight for civil rights has been evidenced by victories and setbacks. One indication of progress is that home ownership for African Americans and Hispanics is on the rise. There have been recent initiatives undertaken by some lenders such as Fannie Mae to target traditionally underserved minority markets. However, an April 2000, study conducted by the U.S. Treasury Department and the Department of Housing and Urban Development found a monumental growth in sub-prime lending, particularly in African American neighborhoods. These high interest loans are three times more likely in low-income neighborhoods than high-income neighborhoods. Consequently, African American homeowners are saddled with heavy debt and in housing jeopardy. Therefore, discrimination in lending practices may erode any gains seen in the home ownership rates of African Americans and Hispanics.

Other local evidence of change is that New Castle County is now the state's most diverse county. Contrarily, it also is the state's most segregated. The county's population is 73 percent white, 21 percent black and 6 percent other races.¹ Though New Castle County in some census tracts is more diverse, there are census tracts that remain predominantly white, particularly in the northern and western parts of the county. Equally important, the city of Wilmington continues to be overwhelmingly African American and hyper-segregated. For instance, according to a University of Delaware study Measuring Segregation in New Castle County (A. Carswell, 2000), within Wilmington, census tract two through five, eleven, twelve, seventeen, twenty and 24 showed increased segregation. Some segments of Wilmington are integrated, however, on a whole it is becoming increasingly more segregated. For example, my particular block ten years ago was at least 50% African American and 50% White. Today, it is overwhelmingly African American. This dynamic needs to be investigated to determine which factors are leading to the extension of segregated housing patterns in the city of Wilmington and other communities.

Yes, things have gotten better, but will still have a long row to hoe. One day our nation will live up to its creed and all of us will be able to live in safe, decent and affordable housing in the community of our choice.

before offering a quote to the black tester while the white tester was given a quote without this).

In addition, in 55% of the tests policies having a discriminatory effect—the effect of redlining the City of Chester—were stated. These policies included: not insuring properties with flat roofs, having a minimum market value requirement on the property (from \$75,000 to \$100,000) and requiring a social security number to run a credit check before a quote could be given.

October 23, 2001 the Fair Housing Council of Suburban Philadelphia (FHCSF), the National Fair Housing Alliance (NFHA), Housing Opportunities Made Equal of Richmond Virginia, the Toledo Fair Housing Center, and Metropolitan Milwaukee Fair Housing Council filed suit in federal district court against Prudential Insurance Company of America and Prudential Property and Casualty Insurance Company (Prudential) for violations of the federal Fair Housing Act. The suit is based on ongoing evidence that Prudential continues to engage in pervasive discriminatory practices and policies that restrict, limit or deny homeowners insurance in predominantly African American, Latino and integrated neighborhoods in the United States.

For more information about this lawsuit or to read a copy of FHCSF's study "Homeowners Insurance Discrimination & Redlining in the City of Chester" please visit the Council's website at <http://fhcsp.fairhousing.com>

INSURANCE & HOUSING IN THE STATE OF DELAWARE

Chester's experience is not unique. It happens in Wilmington. It happens all over Delaware.

The Delaware Insurance Department must review its policy that allows an Insurance Company to arbitrarily assess risk when renewing the insurance contract. A first-time homeowner whose insurance premium sky rockets in year two is at risk of losing his or her home.

Has the Department considered the impact of this arbitrary risk assessment on the classes protected by the Fair Housing Act? Do we need to follow Chester's example?

Call DCRAC at 877-825-0750 if you are concerned about the practices of the Insurers in Delaware. Hopefully, you will join our Insurance Task Force.

Redlining

HOMEOWNERS INSURANCE DISCRIMINATION & REDLINING IN THE CITY OF CHESTER Fair Housing Council of Suburban Philadelphia

“Residents of the City of Chester have less access to homeowners insurance products, are often treated differently than homeowners in low-minority areas of the County and often must pay more for the insurance coverage they have.”

A home is one of the largest and most important assets a family will own. It is vital that this asset be protected in case of disaster. Homeowners insurance coverage protects the homeowner against such losses. Additionally, homeowners are almost always required to have insurance coverage in order to qualify for a mortgage or home equity loan. Access to affordable insurance is essential for homeownership, business and commercial development, and any urban redevelopment initiatives. If insurance is not available, or is only available on unfavorable terms and conditions, efforts to achieve fair housing, to nurture economic opportunity, or even secure the basic rights of citizenship are undermined.

In April 2001 the Fair Housing Council of Suburban Philadelphia announced the results of a testing project conducted to determine if the residents of the City of Chester had the same access to quality homeowners insurance products as other residents of Delaware County. For this testing, Black testers seeking insurance on homes in the West End of Chester phoned agents and requested a verbal and a written quote for insurance. White testers seeking insurance on homes in white neighborhoods surrounding the City of Chester then called the same agent also requesting a verbal and written quote for insurance. Both the homes and the testers were almost an exact duplicate of each other, leaving the only variable tested the neighborhood the home was located in.

The results of the testing showed that in 60% of the cases there were significant differences in treatment experienced by the Black testers. These differences included: outright denials of coverage, higher costs (18% to 317% more than for a similar home in the white neighborhood), lower quality of policies offered (the tester with the home in Chester was only offered a market value policy whereas the tester with the home in the white neighborhood was offered a replacement cost and a guaranteed replacement cost policy), less agent responsiveness (the black testers found it more difficult to receive return phone calls and get written quotes for insurance), and company policies and standards were applied differently (for example, requiring a social security number and credit check

Guatemala

LAS RAZONES POR LAS CUALES HE ADOPTADO LA CAUSA DE LOS GUATEMALTECOS COMO MI CAUSA *Felipe García-Carrión, Delaware Housing Coalition*

Para cuando tenía 15 años, allá por mediado de los años 50, yo era miembro de la Asociación de los Adultos Jóvenes Hispanos (HYAA) de Nueva York, conocida hoy en día como la Asociación Puertorriqueña de Asuntos de la Comunidad (PRACA). Cada semana yo participaba en una *clínica de la vivienda* en las oficinas del Gobierno de Puerto Rico en Manhattan. Mucha gente, particularmente los de habla español y otras personas de color, venía a la clínica buscando ayuda en como lidiar con los propietarios y en navegar el mundo de la papelería de la burocracia de la ciudad creada para supervisar el control de las rentas. Habiendo vivido casi toda mi vida en arrabales en el Bronx ya sabía lo que era vivir con servicios deficientes o no existentes, cucarachas y otras pestes.

Habiendo nacido y crecido en Nueva York, yo vi las inequidades. Vi en que clase de viviendas morábamos y vi la notoria y evidente diferencia cuando viajaba en Manhattan – la Quinta Avenida; la avenida Park; la avenida Lexington – en el Bronx – el Grand Concourse o Parkchester – y esto era cuando casi todo Nueva York estaba bajo controles de rentas.

El otro factor que también me llamó la atención y me indignó mientras estaba creciendo fue el hecho de que siempre que estaba en un vecindario que era hermoso, era **siempre** un barrio de los **blancos**. Y al contrario, siempre que caminaba por barrios menos atractivos con las peores casas y viviendas eran invariablemente los negros, los hispanos y otras personas de color que vivían en ellas. Sin duda alguna, hoy me doy cuenta que de cierto modo esto era el resultado de factores económicos. Pero tampoco se puede negar que también **era una función de manipulación y segregación intencional** de los que no eran blancos de la mayoría de la población.

Una vez que mi sentimiento de injusticia se había despertado, a medida que iba creciendo, me uní a otras organizaciones importantes que se habían creado para combatir la injusticia. Una de mis favoritas era la Conferencia Nacional de Cristianos y Judíos (NCCJ). La medalla de George Washington con la cual me premió la NCCJ lleva grabadas las palabras del primer presidente, ***Ninguna sanción a la intolerancia***. Es sorprendente que la historia de nuestra nación pueda estar tan mancillada desde su inicio y que a pesar de la Guerra Civil y el movimiento de los derechos civiles 100 años después, no hemos ido muy lejos en 300 años. He descubierto esto ser tan cierto en New Jersey al final de los años

sesenta y al principio de los setentas en el área metropolitana de Washington, DC, y viajando a través del país desde los años setenta hasta los noventas, **y hoy en día aquí en Delaware.**

Habiendo vivido la experiencia de crecer siendo puertorriqueño en Nueva York y New Jersey, y habiendo sido un participante activo en el movimiento de los derechos civiles, yo me sentí consternado cuando llegué a Delaware hace varios años y vi como mis hermanos y hermanas guatemaltecos y mexicanos estaban siendo explotados y humillados por unos pocos propietarios codiciosos en el condado de Sussex. No podía dejar que esta situación continuara sin tratar de hacer algo al respecto.

Hemos ayudado a establecer **Hispanos Unidos de Delaware, Inc.**, y el Grupo de la Vivienda de Sussex County (SHG), y hemos trabajado con la Coalición para la Vivienda de Delaware (DHC), todo esto con la esperanza de encontrar alguna manera para poder lidiar con estos problemas. Pero muy poco se ha logrado en los últimos dos años.

Nosotros vivimos esto hace 50 años. Es imposible pensar que estas condiciones sean todavía forzadas en mi gente. Como puertorriqueño, como **americano** de tercera generación, y como residente de Delaware, me siento ofendido por la manera en que mis hermanos y hermanas guatemaltecos y mexicanos son forzados a vivir **en el siglo XXI**. Me siento ofendido de que la explotación que está ocurriendo le sea permitido continuar por las estructuras de poder de los pueblos, el condado **y el estado**. Me siento ofendido de que este sistema sea permitido continuar con el solo propósito **de enriquecer a unos pocos**. Me siento ofendido de que nuestros legisladores nacionales, **conscientes de lo que está pasando en el condado de Sussex**, no hayan hecho nada para solucionar este problema.

Lo menos que hubieran podido hacer hasta ahora es haber pedido una investigación federal de las implicaciones para la ley de vivienda equitativa de lo que está pasando en Georgetown y en Sussex. Ellos también podrían haber pedido una investigación sobre como otros fondos federales son usados para discriminar y explotar y degradar gente de color en el condado de Sussex.

Y no es solo mi gente en Georgetown. **Es también la condición de los AfroAmericanos** en The Hole, en Coverdale Crossroads, y otros lugares escondidos en Sussex donde las condiciones de las viviendas son tales que nadie puede imaginarse – hasta que uno las ha visto uno mismo.

¿Adónde están yendo los Fondos para el Desarrollo de la Comunidad? Para construir veredas a lo largo de la North Railroad Avenue, mientras

HOUSING DISCRIMINATION COMPLAINTS

Adapted from www.hud.gov

Federal law prohibits housing discrimination based on your race, color, national origin, religion, sex, family status, or disability. If you have been trying to buy or rent a home or apartment and you believe your rights have been violated, you can file a fair housing complaint.

There are several ways to file a complaint:

- * You can file a complaint right now, by using HUD's online form at www.hud.gov.
- * You can call toll-free 1-800-669-9777.
- * You can print out a form, complete it, and drop it off at your local HUD office or mail it to:

Office of Fair Housing and Equal Opportunity
Department of Housing and Urban Development
Room 5204
451 Seventh St. SW
Washington, DC 20410-2000

You can write a letter with:

1. Your name and address.
2. The name and address of the person your complaint is about.
3. The address of the house or apartment you were trying to rent or buy
4. The date when this incident occurred.
5. A short description of what happened.

send complaints to:

U.S. Department of Housing and Urban Development

451 7th Street, S.W., Washington, DC 20410
Telephone: (202) 708-1112 TTY: (202) 708-1455

or

Delaware Human Relations Commission

820 N. French St., Wilmington, DE 19801
(302) 577-5050

You can always contact us:

DCRAC at 302-654-5024 or toll free 877-825-0750
Delaware Housing Coalition (DHC) at 302-678-2286



QUEJAS POR DISCRIMINACIÓN EN LA VIVIENDA

Adapted from www.hud.gov

Las leyes federales prohíben la discriminación basada en la raza, el color, la nacionalidad, la religión, el sexo, el estado civil o la incapacidad. Si usted ha intentado comprar o alquilar una vivienda o apartamento y cree que se han violado sus derechos, puede presentar una queja por discriminación en la equidad de vivienda.

Existen varias maneras de presentar una queja:

- * Puede presentar una queja ahora mismo, utilizando el formulario en línea de HUD-www.hud.gov.
- * Puede llamar al número gratuito 1-800-669-9777.
- * Puede imprimir un formulario, completarlo y llevarlo a la oficina local de HUD o enviarlo por correo a:

Office of Fair Housing and Equal Opportunity
Department of Housing and Urban Development
Room 5204
451 Seventh St. SW
Washington, DC 20410-2000

Puede escribirnos una carta con:

1. Su nombre y dirección.
2. El nombre y la dirección de la persona acerca de la cual desea presentar la queja.
3. La dirección de la casa o del apartamento que intentaba comprar o alquilar
4. La fecha en la que ocurrió el incidente.
5. Una breve descripción de lo sucedido.

manden las quejas a:

U.S. Department of Housing and Urban Development

451 7th Street, S.W., Washington, DC 20410
Telephone: (202) 708-1112 TTY: (202) 708-1455

or

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que todas estas necesidades más apremiantes siguen supurando. Acosando y hostigando a los explotados con el enforzamiento del código. Mientras tanto nada se hace para cambiar las leyes del condado que llegaran casi hasta a apropiarse de las propiedades que han sido tapiadas por los propietarios **para el detrimento de toda los habitantes** de Georgetown.

De acuerdo a las figuras preliminares oficiales del US Censo 2000, entre el 1990 y el 2000 la población hispana del condado de Sussex creció aproximadamente **369 por ciento**. Si uno toma en cuenta el posible bajo contaje y la reticencia de algunos hispanos en completar los formularios del Censo, **la probabilidad es de que la población hispana de Sussex haya crecido mas del 500 por ciento en la última década.**

Esta población está aquí para quedarse. Esta población es también la que mantiene a Perdue, Allen's y Mountaire con los empleados necesarios **para mantenerse económicamente productivos**. Esta es la población que mantiene activos **y económicamente provechosos** a los Walmarts. Esta población es la que lleva los alimentos y trae los platos sucios en los restaurantes y las habitaciones limpias y las camas tendidas en los hoteles de la playa **y que los mantiene económicamente productivos para los propietarios**. Esta es la población que está manteniendo vivas a muchas de las iglesias de Sussex.

Actualmente esta población es **la base de la economía del condado de Sussex**. Si esta población fuera trasladada del condado la economía del condado de Sussex **y del Estado de Delaware** entraría en estado de depresión de la noche a la mañana.

En Nueva York y New Jersey pudimos lograr adelantos, aunque lentamente, una vez que **se tomaron medidas en sociedad con los gobiernos locales y estatales y con las instituciones pertinentes**. Nosotros podemos cambiar hacia lo positivo las cosas también en Delaware.

La Coalición para la Vivienda de Delaware (DHC), con la cooperación del Grupo para Vivienda de Sussex (SHG), está por empezar un programa con fondos proveídos por HUD para empezar a tomar cuenta de los problemas de vivienda equitativa que hay en el condado de Sussex.

Mientras tanto, nuestros representantes en el Congreso **tienen que** traer las agencias federales apropiadas, comenzando con el Departamento de Vivienda y Desarrollo Urbano (HUD) y el Departamento de Justicia para que investiguen como se están usando los fondos federales contrario a las leyes para la vivienda equitativa y otras leyes y regulaciones.

La gobernadora **tiene que** enfocar acción en corregir los problemas que existen en Sussex. El no hacerlo así garantizará el fracaso de su iniciativa de un Delaware Habitable.

Los concilios de los pueblos y del condado **tienen que** hacer los cambios necesarios en sus códigos y ordenanzas para darle a los gobiernos de los pueblos y del condado la autoridad de apropiarse de las propiedades que han sido abandonadas por sus dueños, que las han tapiado y condenado debido a su propia negligencia. Una vez que se haya logrado esto, se pueden formar consorcios con grupos de la comunidad, empleadores y los gobiernos del Estado y Federal para comenzar a hacer algo sobre estos edificios que además de ser desperdiciados ofenden a la vista.

Perdue, Allen's, Mountaire, Walmart y otros negocios **tienen que** empezar a ejercer presión sobre los concilios de los pueblos y del condado para que hagan lo necesario para corregir estos problemas sin ponerle la carga, la responsabilidad, y el gravamen sobre las comunidades Hispánas. Ellos son los que más tienen que perder si esta población no siguiera estando disponible para servir las necesidades de sus industrias.

WHY I HAVE ADOPTED THE CAUSE OF THE GUATEMALANS AS MY OWN

Felipe García-Carrión, Delaware Housing Coalition

The complete article is published in Spanish. The following are a few excerpts from the English translation:

“The other fact that struck me as I was growing up was that whenever I was in a beautiful neighborhood, it was always a white neighborhood. Conversely, whenever I walked through less attractive areas with the worst housing stock it was invariably the blacks, the Hispanics and other persons of color who were housed there. Unquestionably, today I realize that to some extent this was a function of economics. But there is also no denying that it was also a function of steering and intentional segregation of non-whites from the majority population.

“My sense of injustice having been aroused as I grew up, I joined other, mainstream organizations created to take on injustice. One of my favorites was the National Conference of Christians and Jews (NCCJ). The George Washington Medal awarded me by NCCJ carried the First President's words — To bigotry no sanction. It is amazing that our nation's history should be so tarnished from the outset and that despite a Civil War and a civil rights movement 100 and 200 years later, today, 300 years later, we have not gotten very far.”

Pida los documentos de Verdad en Préstamo y Estimación de Buena Fé. Haga que el abogado explique estos documentos a usted.

No compre el seguro de crédito.

Si debe comprarlo, no pague la prima completa con el pronto.

Usted no debe tener que pagar multa para pagar adelantado.

No acceda a cláusula que le deñega su derecho de llevar al su prestamista a la corte.

Si usted está sujeto a la compasión de su prestamista, quién va a ganar?

Por cuál razón posible quería usted cambiar préstamo sin garantía para préstamo contra su hogar? (Así es la única forma de deuda consolidada.)

Si usted falla pagar el préstamo sin garantía, podría resultar en daño a su crédito. Si usted falla pagar un préstamo hipotecario, usted podría perder su hogar.

No pida prestado más que el valor de su casa. Si su casa vale \$70,000 y le aproban préstamo de \$80,000, cómo puede pagarlo? Incluso si usted vendiera su casa a \$70,000, usted tendrá que pagar la comisión y los costos del cierre además.

Los procedimientos de la ejecución de una hipoteca le producen una cierta protección.

Usted no puede ser amenazado con un desahucio hasta que el prestamista ha excluido.

Hay procedimientos formales del desahucio.

Un pago de globo le requiere pagar el principal entero en cierta fecha. Mientras que usted hace sus pagos, nada va hacia el principal.

Cada vez que usted financia de nuevo, usted paga los costos de cierre.

Si usted financie de nuevo su préstamo de modo que sus pagos sean más comparables, piensa otra vez.

Si usted conoce a alguien que ha “estado allí, hecho eso,” charla a ellos.

No vacile hacer preguntas.

Aprenda de los errores de la gente.

Traducción por Marah Coleman

COMBATA AL PRESTAMO RAPAZ

Rashmi Rangan, DCRAC

Si usted necesita un préstamo hipotecario, pida su informe de crédito.

Usted puede conseguir su informe de crédito gratis si:

- le niegan crédito;
- esté parado y planee buscar trabajo en el plazo de 60 días;
- esté recibiendo ayuda pública;
- o si usted ha sido víctima del fraude o el robo de la identidad.

Nunca asuma que su informe de crédito es tan malo que usted debe pagar un precio elevado por crédito.

Míralo a ver cómo es en realidad. Lea y entienda su informe de crédito.

Nunca pague cualquier consultante o compañía para reparar su informe de crédito.

Tenga paciencia.

Haga cita con una consejera de vivienda para entender mejor su crédito. La mayoría de las bancos ofrecen tipos de interés más bajos y puntas más bajas en préstamos a los compradores de casa por la primera vez. Cada punta es tarifa igual a 1 por ciento de la cantidad que usted pide prestado.

Si su banco le dice no puede aprobar su préstamo, y desea remitir la solicitud a su compañía de finanzas, no es válido. En lugar, pida una carta de la negación, que enumera las razones específicas de la negación.

Vaya de nuevo a su lista de prestamistas; puede haber otro que le hará el préstamo.

Si usted paga más que 35 por ciento de su bruto ingreso en la deuda, usted no puede mantenerse.

Ciertas prestamistas pueden pedir que usted falsifique su ingreso. Hacerlo es fraude.

Nunca firme una solicitud de préstamo en blanco. Algunos prestamistas rapaces falsifican documentos.

Pida a su prestamista un horario de la amortización antes de que usted se contrae. El horario debe mostrar que al fin del término (15 o 30 años) usted no deberá al prestamista nada.

Debe también mostrar que con cada pago, más de su dinero va hacia el principal que usted pidió prestado.

En comprar casa, usted empleará agente de bienes raíces, oficial de préstamo, abogado y otros.

Esté seguro que usted sabe lo que cuestan y lo que deben hacer.

...

“We lived this 50 years ago. It is unthinkable that these living conditions should still be forced on my people. As a Puerto Rican, as a third generation American, as a Delawarean, I am offended by the way my Guatemalan and Mexican brothers and sisters are forced to live in the 21st century. I am offended that the exploitation that is occurring is allowed to continue by the power structure of the towns, the county, and the state. I am offended that this system is being allowed to continue for the sole purpose of enriching a few. I am offended that our national legislators, aware of what is going on in Sussex County, have not done anything about this issue.”

...

“The Delaware Housing Coalition with the cooperation of the Sussex Housing Group is about to start a program funded by HUD intended to start to address fair housing issues in Sussex County.

“Meanwhile, our Congressional delegation must bring in the appropriate federal agencies, starting with the Department of Housing and Urban Development and the Department of Justice to investigate how federal funds are being used contrary to fair housing and other laws.

“The Governor must start addressing the problems which exist in Sussex. Failure to do so will guarantee failure of her Livable Delaware initiative.

“The town and county councils must make the necessary changes to their codes and ordinances to give the town and county governments the authority to take the properties which in effect have been abandoned by the landlords who have boarded them up and condemned them through neglect. Once this is accomplished partnerships could be created with community groups, employers and the State and Federal governments to start doing something about these boarded-up eye sores.

“Perdue, Allen’s, Mountaire, Walmart and other businesses must start bringing pressure on the town and county councils to do what is necessary to address these issues without putting the onus and the burden on the Hispanic communities. They are the ones that have the most to lose if this population is no longer available to serve the needs of their industries.”



HOUSING IS A HUMAN RIGHT

Ken Smith, Delaware Housing Coalition

And homeless near a thousand homes I stood,
And near a thousand tables pined and wanted food.
- William Wordsworth, "Guilt and Sorrow"

The law, in its majestic equality, forbids rich and poor
alike to sleep under bridges, beg in the streets or steal
bread.
- Anatole France, *The Red Lily* (1894).

We as a people have come to accept the existence of perpetual homelessness. And we have begun to find its presence in our daily lives less tolerable. We have moved toward discussing homelessness using terms which do not promise to help us eliminate it. We must work to undo each of these conditions.

"Let Us Be Discontented"

In his last visit to Delaware, appearing at a soup kitchen to promote homeless participation in the 1989 March for Housing Now!, Mitch Snyder said, "Brothers and Sisters, this is a beautiful soup kitchen, but the very best soup kitchens and homeless shelters have no right to exist."

How far we have come in less than twenty years, from shame and self-doubt then at the appearance of sudden, massive, and unrelenting homelessness to today's acceptance and attempt at resolution through the use of terms implying individual pathology. As U.S. society proves increasingly unable to avoid the generation of a permanently institutionalized core of homeless citizens, we in Delaware must give serious thought both to the climate of hostility surrounding discussions of those of us who are homeless, and to the civil rights violations associated with the creation of a perpetually marginal segment of our community.

Two recent reports by the National Coalition for the Homeless point this deterioration of the national discussion and treatment of the homeless.

The Homeless Among Us

The first, *Illegal to be Homeless: The Criminalization of Homelessness in the United States* focuses on the possible responses to the problem of criminalizing homeless people for performing ordinary acts in public because they have no homes in which to carry them out. The report

- * ASK FOR TRUTH-IN-LENDING and GOOD FAITH ESTIMATES. Have an attorney explain these documents to you.
- * DO NOT BUY CREDIT INSURANCE. IF YOU MUST, DO NOT PAY THE FULL PREMIUM UP-FRONT.
- * YOU SHOULD NOT HAVE TO PAY A PREPAYMENT PENALTY. If rates fall, you might want to refinance.
- * DO NOT SIGN AWAY YOUR RIGHT TO TAKE YOUR LENDER TO COURT. If you are at the mercy of your lender when you disagree with your lender, who will win?
- * NEVER REFINANCE A LOW COST LOAN WITH A HIGH COST LOAN. Do yourself a favor and contact someone who knows about refinancing.
- * WHY IN THE WORLD WOULD YOU WANT TO REFINANCE AN UNSECURED LOAN AGAINST YOUR HOME? If you default on an unsecured loan, you could ruin your credit. If you default on a home loan, you could lose your home.
- * WHY WOULD YOU WANT TO BORROW MORE THAN WHAT YOUR HOUSE CAN PAY BACK? If your house is worth \$100,000.00, and you borrowed more than \$100,000.00, how will you pay it back? Even if you were to sell your house for \$100,000.00, you will have to pay the realtor's commission and closing costs.
- * IF THE LENDER CHARGES YOU INTEREST DURING THE GRACE PERIOD, SAY NO TO THE LENDER.
- * DO NOT SIGN DEEDS IN LIEU OF FORECLOSURE. Foreclosure proceedings afford you some protection.
- * You cannot be threatened with an eviction until the lender has foreclosed. There are formal eviction procedures.
- * A balloon payment requires you to pay the entire principal when the balloon is due. While you make your payments, nothing goes toward your principal.
- * Each time you refinance, you pay closing costs that are often abusively high. If you think your loan officer is doing you a huge favor by allowing you to refinance your loan so that your payments are more affordable, think again.
- * If you know someone who has "Been there. Done that." Talk to them. Do not hesitate to ask questions. Learn from other people's mistakes.



redatory lending

YOU CAN PREVENT PREDATORY LENDING

Rashmi Rangan, DCRAC

If you need a loan (any loan really!), order your credit report.

- * Experian, P.O. Box 949, Allen, TX 75013 (888-397-3742).
- * Equifax, P.O. Box 740241, Atlanta, GA 30374-0241 (800-685-1111)
- * Trans Union, 760 West Sproul Road, P.O. Box 390, Springfield, PA 19064-0390 (800-916-8800).
- * If you are denied credit, are unemployed and plan to look for a job within 60 days; are on welfare; if you have been a victim of fraud or Identity theft; you can get a free report.
- * Never assume that your credit report is so bad that you must pay a high price for it. See it for yourself. How bad is it really?
- * Read and understand your credit report. NEVER PAY ANYONE TO REPAIR YOUR CREDIT REPORT. HAVE PATIENCE. Meet with a housing counselor.
- * Shop around. Most banks offer lower interest rates, lower points on loans to first-time homebuyers. You could even get a small grant. YOU SHOULD NOT HAVE TO PAY HIGH INTEREST RATES OR HIGH POINTS. Each point is equal to 1% of the amount you borrow. Check your local newspaper to see what the market has to offer. Order a free copy of "Looking for the best mortgage." Call 1-877-FTC-HELP.
- * If your bank tells you that they cannot approve your loan, and wants to forward your package to their Finance Company. ASK FOR A LETTER OF DENIAL, WHICH LISTS SPECIFIC REASONS FOR DENIAL.
- * Go back to your list of lenders. There may be another lender who will give you the loan. You will never know until you try.
- * If you are paying too much ((more than @35% of your gross income) on your loan, you are setting yourself up for failure.
- * Some lenders may ask you to falsify your income. This is a fraud. NEVER SIGN A BLANK LOAN APPLICATION. Some predatory lenders forge documents. Be careful.
- * ASK YOUR LENDER FOR AN AMORTIZATION SCHEDULE BEFORE you apply. The schedule should show that by the end of the term (15 or 30 years) you will owe the lender nothing. It should also show that with each payment, more of your money is going toward the principal you borrowed.
- * You will be employing a realtor, a home inspector, a loan officer, an attorney or closing agent, and others. Make sure you know what they cost and what they must do.

(available in full at www.nationalhomeless.org) is published by the National Coalition for the Homeless and the National Law Center on Homelessness & Poverty. It reflects the growing concern and activity of both organizations about the civil rights of the homeless. One of its major recommendations is the inclusion of socio-economic status as a protected class under the Fair Housing Act.

Its Executive Summary reads: "Across the nation, there are few homeless men, women and children who don't have to fear being criminalized for their poverty. Cities are exacerbating homelessness under the pretense of "revitalizing their neighborhoods." Local governments are creating a national trend of scapegoating homeless and poor people instead of providing permanent exits from homelessness and poverty, such as affordable housing, health services and a living wage. Worse still, the increasingly-profitable private prison industry uses homeless people as grist for the labor mill that replaces the predatory labor pools."

The United States has been a signatory to such historic documents as the Universal Declaration of Human Rights and the Vienna Concluding Document of the Conference on Security and Cooperation in Europe, which recognize, in the words of the latter, that "promotion of economic, social, cultural rights as well as of civil and political rights is of paramount importance for human dignity and for the attainment of the legitimate aspirations of every individual."

Seen from this vantage point, the imperative to address the civil rights of the poor and homeless is simply a demand to live up to our own values. A permanent class of excluded families and individuals has become an accepted reality of American life. Until socio-economic equality is addressed, the need to ensure the civil rights of those excluded from the ability to perform ordinary daily activities of living is not just a token requirement. We have moved from intolerance of homelessness to intolerance of the presence of the homeless.

The Discussion of Homelessness

The other is *Poverty Versus Pathology: What's "Chronic" About Homelessness*. It raises questions about the current terminological vogue for discussion of "chronic" homelessness. It is a term which usually conjures up images of mental illness, addiction, and repeated episodes of homelessness. NCH also objects to the term because it has been inserted as a categorical preference into the Continuum of Care funding process, which is supposed to be driven by local needs and priorities. The most important objection to the use of the term "chronic homelessness" is that it leads us away from a clearer examination of the nature and causes of homelessness.

The term “chronic homeless” treats homelessness with the same language, and in the same fashion, as a medical condition or disease, rather than an experience caused fundamentally by poverty and lack of affordable housing. This move to pathologize homelessness via a new, stigmatizing terminology ignores the history and causes, which are fundamentally economic and not medical in nature. It also disregards current social and economic trends, and is especially misguided at a time when the affordable housing gap is at a record high, the economic recession is forcing many people out of work, and many families are struggling to meet welfare requirements in the face of impending time limits.

Some Ways Forward

Defend Human Rights: There either exists a right to housing and a minimum income or there does not. And if not, it follows that the right to be poor and homeless and still not be mistreated does exist.

Organize: Find ways to work with and among the homeless. Identify and address the causes and the concerns of those most directly affected.

Welcome Their Presence: We are fortunate to be stopped by one asking for change or see one seeking shelter in the bus stop enclosure next to us. If not, we would be living in a way that is out of touch with reality as a whole.

Resist Efforts to Filter: Language can create mis-impressions. The National Coalition of the Homeless objects to the use of the term “chronic homeless”--implies we don’t need to care as much. The term “continuum of care” implies that everything is under control. Institutions and programs can mediate our relationship to the poor and the homeless, filtering out its reality.

Avoid False Charity: Homelessness is the result of an unjust social order. In *The Pedagogy of the Oppressed*, Paulo Freire made the distinction between false charity (which distinguishes between the helper and the helped and can increase and perpetuate the divide between them) and true generosity. “True generosity,” which Freire juxtaposed with false charity, “consists precisely in fighting to destroy the causes which nourish false charity. False charity constrains the fearful and subdued, the ‘rejects of life,’ to extend their trembling hands. True generosity lies in striving so that these hands – whether of individuals or of entire peoples – need be extended less and less in supplication, so that more and more they become human hands which work ... [to] transform the world.”

Build the Permanent Housing Continuum: The Low Income Housing Tax Credit program creates too few units (still not affordable to the most vulnerable). Assisted housing contracts are expiring. Public housing authorities are looking for ways to divest themselves of older properties. In Delaware there appears to be less room for the poor except in temporary, rent-burdened, substandard, and precarious housing situations.

Promote a Living Wage: If we have indeed entered a new world where everyone works, then the issue of a wage that sustains a person in the cheapest housing available is an unavoidable discussion. Today, an efficiency apartment living wage in Delaware should be slightly over \$9.00 an hour.

written about 10 reverse mortgages in Delaware in the last year. She explained that Delaware’s use of the product is less than might be expected because in Delaware, an attorney is required to close on a mortgage and these attorneys often raise concerns.

Recenes has been a mortgage loan officer 10 years, and a reverse mortgage officer only one year. She finds her current work much more rewarding, she said, because it is more service-oriented, and “less cut-throat.” Her only reservation with reverse mortgages is that they are more difficult to approve for low-end properties with a value of \$35,000 to \$45,000. She appreciates the protections that have been added by Congress in recent years to reduce fraud in this business, and said she has talked a few reverse-mortgage applicants out of the deal herself.

Now that’s innovative!

- * Never pay for information on reverse mortgages. Get it free from HUD.
 - * Report fraud or abuse. Call 1-800-358-6216.
 - * Credit history is not a factor.
 - * No income requirements.
 - * Does not affect regular Social Security.
 - * May affect SSI or Medicaid.
 - * Consult with a counselor before signing any reverse mortgage loan.
 - * Say no to one who pushes annuity investment.
 - * Say no to mandatory arbitration. You won’t get legal protection.
 - * The older you are and the more equity you have in the house, the more money you can receive.
- American Association of Retired Persons, suggests:
- * Sell your home and find alternative housing.
 - * Try to qualify for Supplemental Security Income (SSI) or Medicaid.

HUD-APPROVED REVERSE MORTGAGE HOUSING COUNSELORS

- First State Community Action Agency, Inc.
308 N. Railroad Ave.
Georgetown
(302) 678-9400
- Neighborhood House, Inc.
1218 B St. Wilmington
(302) 652-3928
- Interfaith Housing Delaware, Inc.
2 S. Augustine St
Wilmington
(302) 995-7428
- Housing Opportunities of Northern Delaware
100 W. 10th St., Suite
1004 Wilmington
(302) 429-0794

bill with the city and she was anxious about it. Lessie was a diabetic with high blood pressure and congestive heart failure and anxiety over money was aggravating her condition.

She called the Dover number listed on the postcard, and a salesman soon came to call on her. He was very friendly, and filled out a mortgage loan application, which he left for Lessie to sign and return. Although she decided to defer the decision, he got in touch with her a few weeks later and told her the property had appraised at \$55,000, she qualified for a loan of \$30,000. Lessie drove to the office in Dover, signed a loan application mandating arbitration, requiring pre-payment penalties, and closing costs of \$5,000. Lessie used the \$30,000 she received to pay her sewer bill, help a niece in New Jersey who was in trouble, and buy a new front door for St Peter AME Church.

Lessie's monthly payments were \$210, and she made them for about a year. But as her health worsened and she had to spend more for medicine, she missed a few payments. Soon she started receiving notices for foreclosure. She notified her son, who called the financing bank located in another state. The bank refused to negotiate, called for \$2,000 to reinstate the loan. Lessie was getting sicker and sicker. Her son managed to have her moved to a new USDA-subsidized housing facility for elders in her hometown. He stayed in her house, a few blocks away from the group home, and took charge of her daily care including doctor visits, laundry, meals and so forth.

Last January Lessie died and in February her house was sold to the financing bank at sheriff's sale. At time of this writing, Lessie's son was fighting eviction on the grounds of predatory lending, or lending discrimination because of race.

Elder, Beware!

We see from these examples how the interests of offspring can be affected by decisions elders make. Lessie's son may soon become homeless as a result of her "debt consolidation" loan. Only by a blessing was she not evicted from her home on her deathbed.

Worth's heirs may each receive \$100,000 or so less from the sale of his house when he dies because of his reverse mortgage. He can never be evicted because he retains title, but he must keep up insurance and tax payments.

Robbie Recenes, who specializes in reverse mortgages for Wells Fargo, said about half the time she is actually approached by a family member concerned because of constraints on the elder's quality of life. She has

Insights into affordable housing

**SWEAT EQUITY MODEL
FOR AFFORDABLE HOMEOWNERSHIP**
Sherry DeZwarte, NCALL Research, Inc.

What is Sweat Equity? Sweat equity is achieved in "new construction" when the owner acts as his or her own building sub-contractor. Through this labor a portion of the home's cost is reduced, thereby reducing the mortgage and eliminating the need for a cash downpayment. This equity is the interest or value that an individual has in real estate. It is the difference between the appraised value of the property and the liens placed against the property.

Is there a Sweat Equity Model for Homeownership being used now?

Yes, one of the largest (nationwide) and longest (operating since 1971) is Rural Development's sweat equity program. This program, called Mutual Self-Help Housing, has helped low and very low income people to finance and build their own homes. The families obtain a Rural Development 502 rural housing loan to purchase the land, materials and sub-contract certain work. In the Mutual Self-Help Program, a group of 4 to 10 families work together under the guidance of a construction supervisor hired by an eligible sponsoring organization. These groups perform at least 65% of the construction work over several months time, usually 8 to 12 months depending on the size of the group. The family members provide much of the necessary labor to build their own homes along with sub-contractors hired for more technical items, such as excavation, heating, plumbing and electrical. The families work 30 to 35 hours per week during their spare time (evenings, weekends, and days off), so as not to interfere with the regular family employment. It is through this pooled labor force that the program is successful. All of the homes within the group are completed at the same time so that no one moves in until all of the homes in the group are completed. Throughout this process the families are provided homeownership counseling that will enable them to make the transition to successful new homeowners.

A key aspect of this program is Rural Development's 502 homeownership loan program, which features interest rates from 1% to the market rate, depending on the families adjusted annual income. The repayment period is 33 to 38 years and no down payment is required. The combination of the reduced interest rate, no down payment requirement and lower mortgage amount (due to the labor and sweat equity) makes this an extremely affordable housing program. This allows the program the ability to provide home ownership loans with affordable payments to very low-income families.

Are there benefits? Yes, there are many benefits to the self-help housing program. For the families, it helps them obtain housing they otherwise would not be able to afford. It teaches them basic building skills, which may be utilized for upkeep and maintenance of their home. It empowers them and increases self-esteem. The overall delinquency rate for self-help clients is lower as compared to the regular 502-mortgage loan program. The local community benefits as it puts money into the local economy by employing subcontractors, purchasing insurance and supplies, creating a larger taxpayer base and freeing up needed rental properties.

How affordable can housing become through the sweat equity method? Very affordable! In FY 2001 within a 21-state region (north-east/Midwest quadrant of the nation) 117 families closed on their Rural Development mutual self-help loans and through their labor earned an average of \$15,766 in sweat equity. Sixty percent of the families were below 50% of county median income. All of this activity leveraged \$10,253,043 in Section 502 mortgage funds, \$1,108,516 in non-502 conventional financing and \$1,762,164 in Section 523 TA grant funding. Currently the mortgage loans, within this region, range from \$62,375 to \$126,804 and the appraised values range from \$69,500 to \$148,332.

Can this program be replicated? Yes it can and it has been on a statewide scale. It has been successfully replicated in both rural and urban areas. Other "sweat equity" homeownership programs have been demonstrated in the states of Maryland, California and Wisconsin. These state governments have successfully created programs that have provided both administrative and mortgage monies to operate "sweat equity" programs. These state programs operate in conjunction with and complement the Rural Development Self-Help programs that are already operating within the state.

If anyone has any questions about how Rural Development's Self-Help Housing Program using "sweat equity" works, please call 302-678-9400.

SUMARIO:

La equidad del sudor es modelo para la propiedad casera usada por el Ministerio de Agricultura de los EE.UU. Programa de Desarrollo Rural. En el programa, un grupo de 4 a 10 familias trabajan juntos, proporcionando el trabajo de la construcción de casa por cada uno de las familias. De tal modo, reducen costo y eliminan la necesidad de pago inicial o pronto. Este programa tiene prestamos con el interés comenzando a la 1 por ciento. Para más información sobre "equidad del sudor," favor de llamar a 302-678-9400.

three daughters are all successful independent women who have no interest in his estate, although he has trust funds arranged for his grandchildren. While he no longer plays the stock market, he found out about reverse mortgages from a financial site on the World Wide Web.

From Worth's point of view, tapping into his home equity now was a shrewd act. He learned from his research that with a reverse mortgage, the flow of payments is from the lender to the homeowner-- exactly the reverse of a traditional mortgage. In this process, the lender builds up equity in the property as the homeowner's equity is reduced. Worth would continue to hold title to the house during the term of the mortgage, funds received would be tax-free, and he could take his payments in a lump sum, line of credit, or monthly payments. The loan would become due only when he no longer occupied the home as a principal residence. He understood that this phrasing most likely meant the loan would be due at his death and sale of the property by his heirs.

After mentioning the matter to his daughters and getting their verbal approval, Worth contacted one of the approved mortgage lenders he found for Delaware on the website www.hud.gov. The mortgage broker, based in Pennsylvania, took some of Worth's information over the telephone and referred him to one of the local housing counselors approved for reverse mortgaging. This one-hour personal interview is designed to ensure that the consumer is competent to make financial decisions and has not been pressured.

Then the mortgage broker came to Worth's home for a face-to-face application interview and ordered an appraisal. The property appraised at \$600,000; Worth took a lump sum of \$30,000 to take care of the remodeling and monthly payments of \$1,500 for the massage therapy. Closing costs of about \$5,000 were added to the loan and interest will accrue on the total until the loan comes due. Within about six weeks, the loan went through. Worth had already located a contractor for the remodeling, and the work was completed in another six weeks. Worth has been enjoying his new home spa almost a year.

A Different Picture

Mrs. Leticia (Lessie) Moore was a 72-year-old retired domestic worker living on Social Security and choir member at St Peter AME Church. She lived in a 1,050 sq ft frame house in Kent County she bought in 1982 for \$3,500 cash. Her son made the necessary improvements, including new roof and downstairs bathroom. In 1998 Lessie received a direct-marketing solicitation from a Dover mortgage broker, who said he could help her draw against equity in her home for debt consolidation. This offer was of interest to Lessie because she had a \$3,000 delinquent sewer and water



Options for senior citizens

OPTIONS FOR ELDERS VARY WIDELY

Marah Coleman, DCRAC

To feature writers for the Sunday supplements, reverse mortgaging is the greatest thing for older Americans since Viagra. To some fair-housing advocates and Delaware lawyers, it is the benign face of predatory lending. Careful consideration of this unique financial vehicle, available only to those over age 62, shows a more complex picture.

Both reverse mortgaging and predatory lending are based on the reality of house-rich older Americans. They may still live in the house that was new and affordable back in the Eisenhower administration. It's been landscaped, improved and updated, and has appreciated significantly. No longer just the family home, it's a piece of real estate and an inefficient store of value. The family doctor who made house calls, back when the house was built, is no more. Now there are HMOs with co-payments and deductibles. And now there are private underwriting funds investing in mortgage debt, driving the industry that allows older Americans to tap into home equity.

The basic argument behind reverse mortgaging is similar to that often used in a cold-call "pitch" by a predatory lender: Use the outstanding financial asset acquired in your productive years to provide comfort in your remaining years. Another similarity between the two loan products is associated closing fees and costs that are higher than a conventional home purchase mortgage.

There are two major, significant differences between reverse mortgaging and predatory lending. First, by federal law, counseling is mandatory for the applicant for a reverse mortgage. And with a reverse mortgage, the homeowner keeps title to the home.

To get a better understanding of how these two strategies for seniors work, let's look at two (somewhat fictionalized) examples:

Lifestyles of the Elite

H. Worthington Merriwether is an 82-year-old retired naval engineer who lives in the Tudor brick and granite mansion he bought for his second wife (now deceased) in the 1970s. His health is good because he takes good care of himself, but his health care plan does not cover the two daily massages he depends on. He also wanted to convert an unused guest room into a home spa to make his health rituals more convenient. Worth's



Justice done?

SUPREME COURT LOOKS AT ID THEFT: DECIDES BURDEN OF PROOF ON VICTIM

Marah Coleman, DCRAC

The reasons consumers contact DCRAC for help are as various as the human condition with its varying needs, passions, shortcomings, and abilities. Some people get into credit trouble because of job layoff, hospitalization, divorce or simple mis-management.

Among the most disturbing cases are those where the consumer is truly innocent—the individual's credit report and credit-worthiness having been damaged by an identity thief. Ludlow Johnson (not his real name) of Frog Pond, Delaware was one such victim who contacted us last year. A quiet man of 65 had recently retired from a tractor dealership, he had always prided himself on self-reliance and careful money management.

Mr. Johnson learned he had a problem when he tried to refinance the mortgage on his trailer-and-acre and take out a few thousand to buy a fishing boat. He had about half-equity in the property and was surprised when a local bank turned him down for refinancing because of low credit score. He wrote the three national credit reporting companies to get a copy of his report and was shocked to find three outstanding credit card accounts that had been placed in collection.

He then began contacting the three credit card companies for more information about these accounts. Two companies ignored him, another asked him to take a polygraph test. Mr. Johnson told DCRAC he has never had a credit card or applied for one. Like many Americans, he had been the subject of "pre-approved" credit card offers, but always trashed them unopened. Mr. Johnson has three grandsons who are young adults and he has noticed that their friendly visits are often timed to coincide with creature comforts he might have on hand. At the same time, he is reluctant to name any of them as a suspect.

How it Happens

Older Americans often fail to take the threat of identity theft seriously, figuring they have too few assets to make them a serious target. What they fail to realize is that a near-perfect credit score, one they have earned by thrift and prudence, is in itself a major financial asset.

Because there are elder Americans with high credit capacity they have not tapped, identity theft is the fastest growing crime in the U.S., with 900,000 new cases reported each year. The direct-marketing offers that

flood the mail system also contribute to the increase in this type of fraud. For an alert ID thief with access to Mr. Johnson's household, it would have been easy to retrieve one of those pre-approved offers from the trash and fill it in with a new address. Card issuer does not verify change of address: credit card goes to thief at new address and shopping begins. With the victim's Social Security number, birth date, and other basic information like address and phone number, the thief may even be able to get a driver's license with the thief's photo and thereby get access to the victim's bank account. But fraud involving the checking account is sooner detected.

With credit card theft, if the thief is careful, the victim may be unaware of the fraud for a year or two and come up against the applicable statute of limitations.

Congress Provides Relief

Under the Fair Credit Reporting Act, Congress gave consumers the right to sue credit-reporting agencies that do not implement reasonable procedures to avoid making improper disclosures of information in consumers' credit reports. But credit agencies have sought to restrict the consumers' right to judicial relief, arguing that suit must be filed within two years from the date of the allegedly improper disclosure.

Supreme Court Decides Against Consumer

The United States Supreme Court took these consumer protection issues under review in the 2001 case of TRW Inc. vs. Andrews and sided with the credit reporting company. The original plaintiff, Adelaide Andrews, had her Social Security number stolen by a receptionist in her doctor's office named Andrea Andrews. When imposter Andrea opened credit accounts using Adelaide's S.S. # , the companies she applied to asked credit-reporting agency TRW for a credit report. TRW's computers matched the Social Security numbers, last name, and first initial, and provided the reports (with excellent score), affording Andrea an extensive line of credit.

Because the criminal also used some of her own personal information (such as phone number and birth date), victim Adelaide contended TRW should have detected the identity theft and denied the applications. Like DCRAC's friend Mr. Johnson, Adelaide did not learn that TRW had provided her credit report until she was denied a mortgage—long after her credit rating had been ruined. She sued TRW, which argued that she had not filed her lawsuit within the time required by the Fair Credit Reporting Act. The U.S. Court of Appeals for the Ninth Circuit ruled in her favor, but TRW appealed to the U.S. Supreme Court, which last November overturned the lower court's decision and found for TRW.

invites NIMBY (Not In My Back Yard) to rear its ugly head to stop affordable housing development. No matter how innocent it sounds, it affords the opportunity to organize and wrongly use politics to stop quality projects. Most NIMBY efforts are based on "who is going to live there", color, income, nationality, etc., etc. Housing professionals and people in need have heard it all before. Behind various smokescreens lies a hysteria steeped in myth and stereotypes, often fueled by bigotry, which will stop at nothing to prevent decent, affordable housing. Any notification requirement that invites or facilitates opposition of this nature should be highly suspect.

If early notification duplicates land use laws, singles out affordable housing, invites NIMBY, and asks for control over who lives next door, **it would appear contrary to all of the reasons this Nation's Fair Housing Act was passed**—to stop discrimination, break down barriers, and insure equal access to housing and housing credit. Notification requirements are inconsistent with Delaware's new Fair Housing initiatives. Perhaps with vigilance and having some real Fair Housing efforts in this state, we will see an end to legislative efforts for notification requirements. No jurisdiction or housing agency can afford to be in violation (real or perceived) of the Fair Housing Act.

Legislators and housing agencies should not succumb to efforts such as early notification which duplicates, creates bureaucracy, creates an obstacle, sets up a barrier, singles out affordable housing, and invites NIMBY. As shown over the past two years, succumbing once creates a snow ball effect. Rather, we should stand firm and fight on behalf of fair housing to further affordable housing efforts in the first state so that all those who have housing needs are adequately served.

SUMARIO:

Una barrera de las muchas afectando la vivienda comprable es el requisito extenso de la notificación. Legislación pendiente en la Asamblea General de Delaware requeriría la notificación adicional: por el correo certificado-- al gobierno local y a los residentes-- de la nueva construcción bajo programa del Crédito de Impuesto de Vivienda de la Renta Baja. Pero la notificación adicional no es necesaria; las ordenanzas locales de la utilización del suelo tratan adecuadamente aplicaciones de la densidad, dividiendo en zonas, parqueando etcétera. El desarrollo de la vivienda comprable no se debe seleccionar para los impedimentos. Si la notificación temprana se diseña simplemente para controlar quién se muda en el barrio, es contrario al Acto Justo de la Vivienda y a su propósito- de impedir la discriminación en la vivienda.

oped fits well within the existing community and future plans. When annexation, zoning changes, or variances from these ordinances are necessary, there is a public hearing process which provides adequate notification. However, if a buyer wants to utilize the land or building for a purpose consistent with current zoning, and can do so within the ordinances, there generally is not and should not be a public process.

Let's look at it this way. If I buy a lot #10 in a subdivision and build a home, I have absolutely no say about who builds on lots #9 or #11 next to me, as long as they build homes according to the zoning requirements. I might want to choose a neighbor, but I can't. Nor do I receive any advance notification of their intent to buy the lot next to me. My notification comes when I see the stakes in the ground and watch a bulldozer move earth. Why then would a neighbor of an apartment complex be entitled to advance notification of the acquisition if the apartment use is consistent with the zoning?

Since notification requirements do not exist for all types and prices of housing and incomes to be served, **why should affordable housing and the Low Income Housing Tax Credit Program be singled out to receive this development barrier?** Some might say that notification is needed for affordable housing development. Why? If the local jurisdiction's land use ordinances are satisfied, why should affordable housing be singled out? Often surrounding residents and associations do not understand "land use ordinances" and wrongly think they should have a right to dictate who should and shouldn't live near them. Affordable housing should not be treated differently than housing enjoyed by the wealthy. Consistency is the traditional test to see if a policy is correct. In this case the inconsistency quickly tells us it is not a good policy because it favors developing housing for the wealthy while creating an impediment for the development of affordable housing.

As if affordable housing isn't difficult enough to develop, another obstacle is being set up; another road block guaranteed to stop quality housing and keep people in substandard, rent-burdened, overcrowded conditions. Talk to any developer of affordable housing. There are minefields at every turn which can stop affordable housing. Whether it be finding properly zoned land, getting access to water and sewer, covering pre-development costs, market studies, environmental reviews, assembling financing, packaging proposal after proposal, competing for LIHTCs, finding a reasonably priced contractor, managing construction, renting up, and property management. There is no need for another serious hurdle that could stop valid, feasible projects.

There is absolutely no doubt in our minds that early notification

Consumer Beware—Check Credit Rating Often

Powerful consumer-protection group the American Association of Retired Persons signed onto Adelaide's suit as a friend of the court, along with the National Association of Consumer Advocates and the National Consumer Law Center. These groups sought a verdict allowing consumers two years from the time they learned of an improper disclosure to sue, rather than two years from the actual disclosure. These groups warn that, because of the Court's ruling, consumers must assume the vigilant responsibility to regularly pay for copies of their credit reports and to act quickly if those reports contain errors.

Anyone is Vulnerable

Although elders are more vulnerable to identity theft (as demonstrated by the involvement of AARP), no one is immune from this threat. Young consumers with good jobs and good credit may also fall victim to credit fraud and unknowingly impair their ability to obtain a home mortgage.

Careful Practices

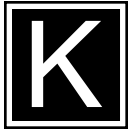
DCRAC advises everyone to protect personal information by: tearing up charge receipts, bank statements, expired credit cards, and especially credit offers, being careful about giving out Social Security numbers, getting copy of credit report at least once a year to check for errors, checking the Federal Trade Commission's web site for more information at www.consumer.gov/idtheft, not carrying Social Security card in wallet.

New Avenues for Relief

New federal legislation which became effective October 30, 1998 makes identity theft a Federal crime with penalties of up to 15 years in prison and \$250,000 fine. The Identity Theft and Assumption Deterrence Act establishes that the person whose identity was stolen is a real victim. Previously, only the creditor with actual monetary losses was considered a victim. This law (Title 18 United States Code Section 1028) enables the Secret Service, FBI and other law enforcement agencies to combat this crime. It establishes the FTC as clearinghouse for complaints and allows the identity theft victim to seek restitution if there is a conviction.

Only time will tell if this law has teeth.

IMPORTANTE:
Si usted ha sido victima del robo de identidad, o quiere más información en protegerse de ello, puede llamar sin tarifa a 877-438-4338 o en línea visitando www.consumer.gov.



Keeping it simple

THE COMPLICATED HOUSING DEVELOPMENT PROCESS

Karen B. Speakman, NCALL Research, Inc.

Housing development, especially development of affordable housing for low-income people, has become more and more complicated over the years. The reasons for the complication include a number of factors: the many steps in the development process, the lack of suitable sites, federal and state housing policies, the “sharing of the risk” perspective, and the economics of providing affordable housing for low-income persons.

The nature of the beast, developing housing, is cumbersome at best. It is not comprised of two or three steps, but a multitude of steps for which the developer is responsible. From the initial feasibility assessment to finding a site through to construction and renting-up the units, each step must be taken and has various factors that affect it. The steps include feasibility, site search and selection, market analysis, environmental studies, selecting professionals (architect, engineer, attorney, contractor, and rental management firm) to assist you, preparation of building plans and specifications, applying for and securing financing, grants, and rental assistance, obtaining local planning approval, assembling development and operating budgets, preparing for loan closing(s), monitoring construction, marketing, and renting-up the units.

Scarcity of suitable sites also causes more difficulty. Location of multi-family housing is generally preferred on sites that are near to community services, with access to public water and sewer, and on sites correctly zoned for multi-family housing. In a perfect world there should be many such sites, but in reality such a combination does not often exist. Development in many parts of Delaware has reached the point where the good sites have been built on, and remaining sites are often less than perfect.

There may be environmental concerns such as previous uses on the site or wetlands. Few vacant sites exist adjacent to or in an established community. Public water and sewer systems are either at or are reaching capacity. An insufficient number of sites are zoned correctly for multi-family housing. Also, the zoning process to rezone a site or to seek a variance is often quite complicated and gives the public the opportunity to oppose the development. Sufficient parcels of land should be zoned for multi-family housing that at least meets the projected need for affordable housing. Developing affordable housing is difficult enough without having to fight misconceptions, myths and stereotypes at zoning hearings.



NIMBYism

NOTIFICATION REQUIREMENTS: BAD POLICY FOR MANY REASONS

Joe L. Myer, NCALL Research, Inc.

Delaware’s affordable housing efforts face another barrier, adding to an already long list of development obstacles. This latest obstacle relates to early and far reaching community notification requirements called for when an affordable housing development is planned.

These efforts culminate in notification requirements set forth in SB 246 which is under consideration by the Housing Committee in the General Assembly. This legislation ensures that community organizations and local residents are notified of applications and preliminary rankings under the Low Income Housing Tax Credit Program, by requiring:

- * “The Housing Director shall notify the chief executive officer of any local governments in whose jurisdiction any development project will be located”;
- * “The Housing Director shall require applicants to notify, by certified and regular mail, the president, director or other high ranking member of any community, civic and/or neighborhood organization with members living within a one mile radius of the development project”;
- * “The Housing Director shall require applicants to notify, by certified and regular mail, residents living within 200 feet of the development project”.

It is our understanding that the notification efforts are a result of some residents and associations that do not want apartments to be purchased and rehabilitated under the LIHTC program, even though they will serve virtually the same market. They would normally not be notified by any land use process because the property is already adequately zoned and the use by the purchaser would be identical. By creating a notification requirement that amounts to an “early warning system”, residents and associations can exert political pressure to thwart or control affordable housing efforts.

What is wrong with these notification efforts?

Notification requirements absolutely duplicate local land use ordinances. Local government has land use laws to assure compatibility of adjacent and nearby uses, to set density requirements, to establish side yard, set backs, parking and other aspects to be sure whatever is devel-

factured home lots, especially in Sussex County, weren't so hell bent on increasing lot rent more than the inflation rate and padding their pockets with hidden increases. In some communities residents now have to pay separately for services that used to be included in their lot rent: water, sewer, and lawn cutting.

Yet owners haven't frozen lot rents temporarily, much less lowered them. They provide less for more money and pass on the costs of doing business.

Phyllis McKinley, Executive Director of First State Manufactured Housing Institute, should be well aware of those practices. She represents the owners as a lobbyist in Dover and is trying to buttonhole state legislators to help the owners squeeze everything they can out of manufactured home residents.

Footnote:

The Sussex County Manufactured Home Tenants' Association now has member communities and individuals in both New Castle and Kent Counties as well as in Sussex County. As of March 25, 2002, the association will officially be statewide and will be known as the Delaware Manufactured Home Owners' Association.

SUMARIO:

La demanda para la vivienda fabricada es alta en Delaware rural del sur. En el estado entero, vivienda fabricada en 2000 representó 22.5 por ciento de la vivienda total venta en 2000, arriba del 17.8 por ciento en 1998. El financiamiento para la vivienda fabricada es más caro que la vivienda construida, que los prestamistas intentan justificar por la base de mayores defectos en pagar. Pero son responsables también los propietarios del los parques inmobiliarios que aumentan la renta mensual y cargan suplementos por los servicios. Un grupo nuevo luchando en esta causa es la Asociación Propietaria del Hogar Fabricado, que se inauguró en el Condado de Sussex.

The financing of affordable housing has also become more and more complicated. A number of reasons exist for this rise in complexity. Federal and State housing policies have changed over the years as well as the funding levels. The federal government has historically provided housing finance programs with grants and loans to housing developers and housing authorities. Primarily this was done because the states did not have housing development programs or they were insufficiently funded. Over the last ten years, the various federal administrations have strongly believed in less federal involvement in providing affordable housing and accordingly have reduced the number of housing development programs and funding levels. There also has been a movement to fund housing development by an alternative route, which is to provide tax credits for low-income housing. Therefore, instead of providing housing programs through the federal budget, it is provided through income tax credits to individuals and corporations that in turn invest in housing, which results in less actual revenue to the federal government. Meanwhile, the states have been asked to provide more funding for affordable housing and to fill in the gaps as the federal government reduces its housing funding levels and commitment. While some states have developed well-funded housing financing programs, others have not made it a priority within their state's budget.

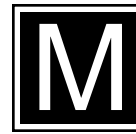
Simultaneously, the federal government has also shifted from providing 100% of the needed financing for housing projects and has adopted a leveraging position that encourages other non-federal monies to be included in the financing. This has caused a myriad of programs to be utilized to develop one housing complex instead of utilizing one program to develop the housing. Many financing sources have also adopted the "leveraged approach" and numerous have ranking criteria that encourage more funding sources. This has resulted from the reduction in funds each program has available and from a "sharing of the risk" perspective. By sharing in the risk, no funding source is solely responsible or liable. However, no longer can a developer submit one financing application to one entity. It is not unheard of to have four or five financing sources for even a 24-unit apartment complex. The downside to working with a maze of financing sources is just that, it is a maze. Each has its own regulations, priorities of whom to serve, definition of low-income, underwriting criteria, application process, maximum loan amounts or percentage of the project each will fund, lawyer representation, market analysis requirements, and etc. These different criteria and regulations must be meshed together and worked out for each project as to which regulations have priority, how many lawyers need to be involved and paid, what underwriting criteria needs to be utilized, etc. It also causes duplications – how many inspectors, attorneys, and agency representatives are necessary? All the duplication and "sharing of the risk" causes the resulting housing to cost

more. Many financing sources have tried to streamline the application process; however, that is not enough. This overly complicated manner of financing housing is certainly not cost effective or a very efficient way to develop housing; the process is also exceedingly frustrating.

Another complication in the development of housing is the economics of providing affordable housing. Developing affordable housing is expensive. It is also impossible to provide housing at rents that are affordable to lower income persons without some type of subsidy. Market rate housing is developed so that the income from rents covers the operating expenses of the apartments, the debt or mortgage payment, and a maintenance/replacement reserve. Financing provided at market interest rates typically results in rents that are too expensive for low-income persons. In fact, just covering the operating costs usually results in rents that low-income persons can not afford. Rental housing that is affordable to low-income persons either has to subsidize the rents so that the rental payments by low-income people are at levels they can afford or the financing must be subsidized by providing financing at lower interest rates, grants and/or deferred loans. This subsidization adds another layer of funding which has to be secured as either financing or rental assistance, which again adds to the complexity of developing affordable housing.

Are there ways to reduce the number of steps, and the lack of suitable sites? Can the federal and state housing policies and the "sharing of the risk" perspective be changed? And can the economics of providing affordable housing for low-income persons become less complex? The development steps are a reality and can not be easily bypassed. One must learn the development steps and how best to approach each step. As for suitable sites, Delaware State policy and Livable Delaware should encourage and reward communities who zone sufficient parcels of land for multi-family housing or as high density housing. Housing policies both at the federal and state levels need to be reviewed to see if they simplify or further complicate the process. State housing policy also needs to stop being a reaction to the federal housing policies and be more proactive to its state's housing needs. Financing sources should meet on a regular basis to see how the process could be simplified and less duplicative, how regulations can be interfaced together, and how to reduce development costs.

Frankly, complexity causes a need for experts, consultants, attorneys, and accountants, while dramatically increasing costs. As we strive to provide affordable housing for low-income persons, a simplified process that can reach down and serve those in the greatest need is warranted.



The article in the Feb. 4 Business Monday section headlined "Mobile home industry in transition" doesn't indicate a transition at all. It portrays an industry that is continuing to grow despite the slower economy. It also reflects the cash-cow mentality endemic among lenders, insurers and owners of manufactured home parks.

The article noted that demand is high, especially in rural Delaware. Using figures from the Delaware State Housing Authority, manufactured home sales in 2000 were 22.5 percent of total new home sales that year. Authority figures show manufactured homes accounted for 20.2 percent of new home sales in 1999 and 17.8 percent in 1998.

That's not transition; that's healthy growth. If things have slowed some in 2001 and early 2002, or not grown as much as in past years, that's just the cyclical nature of business.

The article pointed out the major problem now is that lenders have tightened standards for loans to first-time buyers and low-income buyers because of a higher than acceptable default rate. If lenders hadn't given loans in the first place to risky buyers, there wouldn't have been the trickle effect that left manufacturers with large inventories retailers couldn't sell. That's just greed.

Higher interest charges

It's also greed that puts manufactured home loan interest at 9 percent to 14 percent. The article said loans "are similar to car loans in that they, in essence cover personal property." Car makers and dealers have been selling vehicles at 1.9 percent to 4.9 percent interest, and some cars cost as much as a manufactured home.

The article focused on first-time and low-income buyers, but data on the Manufactured Housing Institute web site (www.manufacturedhousing.org) show that the average age of a manufactured homeowner is 53, more than half are employed full time, 29 percent are retired, 47 percent have some college education and 57 percent are married. Many sold larger homes elsewhere and are moving to a simpler lifestyle with cash on the barrelhead.

Maybe there wouldn't be so many loan defaults if the owners of manu-

**Minority vs. Non-Minority
Comparison of Six of Wilmington's Census Tracts**

90+% Minority	90+% Non-minority
* CT 7, 9, and 17	CT 11, 12, and 13
* All are low income	One is middle-income One is moderate-income One is upper income.
* 6813 (17%) minority	8461 (36%) non-minority
* 3184 housing units	5181 housing units
* 508 (16%) units are vacant	305 (6%) units are vacant
* 664 (21%) owner occupied	2741 (53%) owner occupied
* 2012 (63%) renter occupied	2135 (41%) are renter occupied
<i>Denial rates for home mortgages:</i>	
* 21%, 22% and 23%	4%, 6% and in CT 11, 11%
* 70 applications	314 applications
* 37 (53%) to prime lenders	298 (95%) to prime lenders
* 33 (47%) to sub prime lenders	10 (3%) to sub prime lenders
<i>Denial rates for home improvement:</i>	
* 54%, and 45%.	27%, and 29% and in CT 11, 11%
* No applications from CT 7.	
* 33 applied	71 applied
* 19 (58%) applied to prime lender.	68 (96%) applied to a prime lender
<i>Denial rates for refinance:</i>	
* 33%, 38%, and 42%.	31%, 24%, and in CT 13, 13%.
* 100 (15% of homeowners) applied	129 (5% of home owners) applied
* Only 23 (23%) to a prime lender	87 (67%) to a prime lender
* 30 non-minority homeowners vs. 623 minority home owners a ratio of 1:21	2610 non-minority home owners vs. 88 minority homeowners a ratio of 30:1
* 152 (23%) owners are married	1174 (43%) owners are married
* 50 (7.5%) are single dads	56 (2%) are single dads
* 239 (36%) are single moms	167 (6%) are single moms
* 223 (33.5%) are non-family owners	1344 (49%) are non-family owners.

The sheer composition of these tracts demands a review of the housing plan for Wilmington. Segregation has such an adverse impact! Should our housing policy and plan be centered around desegregation and the creation of mixed-income multi-racial communities? I certainly hope so. SO LONG AS the local community rises with the rising tide.

IMPORTANTE:

Una consejería de vivienda les ayuda a familias preparar para el proceso complejo de comprar casa, determinando la escala del precio de compra y la cantidad de la hipoteca por lo cual califican y que pueden permitirse. A los compradores, es importante comenzar el asesoramiento de vivienda desde el principio del proceso de comprar casa.



ending discrimination

A CASE STUDY OF WILMINGTON, DE
Rashmi Rangan, DCRAC

I want to thank Josh Silver and Mark Treskon of National Community Reinvestment Coalition (www.ncrc.org) for providing us with detailed data at the census tract level allowing us to conduct this analysis.

African Americans (AA) experience higher denial rates than European American (EA) borrowers. The 2000 analysis of the Home Mortgage Disclosure Data (HMDA) reveals:

- * 1,392 home purchase applications (541 EA and 293 AA)
- * 22% were sub prime (high cost)
- * 741 home improvement applications (122 EA & 202 AA)
- * 27% were sub prime
- * 1,948 refinance applications (349 EA & 382 AA)
- * 66% were sub prime
- * 44% of all applications were for sub prime loans
- * 31% of all applications were for sub prime

DENIAL RATES

For sub prime loans:

- * 38% for home purchase loans
- * 53% for home improvement loans
- * 43% for refinance loans

For prime loans:

- * 8% for home purchase loans
- * 40% for Home Improvement loans
- * 34% for refinance loans

**THE AFRICAN AMERICAN EXPERIENCE
VS. THE EUROPEAN AMERICAN EXPERIENCE**

- * 27.5% AA and 45% EA home purchase applications were made.
- * The city is home to 56% AA and 32% EA.
- * 22% home purchase loans were sub prime.
- * 22% AA applied for sub prime & 8% EA applied for sub prime
- * 27% AA and 16.5% EA home improvement applications were made.
- * EA owner occupied units are 7,549
- * AA owner occupied units are 6,136
- * 27% home improvement loans were sub prime
- * 23% AA applied for sub prime
- * 15% EA applied for sub prime
- * 20% AA and 18% EA applied for refinance loans
- * **An overwhelming 66% refinance loans were sub prime**
- * **67% of AA applications were sub prime**
- * **51% EA applications were sub prime**

DENIAL RATE

For sub prime loan applications:	For prime loan applications:
* 37% in mortgage applications 7.6% AA & 3.5% EA	* 8% in mortgages 11% AA and 4.2% EA
* 15% in home improvement 7% AA & 2% EA	* 40% in home improvement 30% AA and 26% EA
* 27% in refinance 23% AA & 21% EA	* 33% for refinance 30% AA and 19% EA

Being black in Wilmington means being turned down more frequently and applying for a higher interest loan.

Does Income have anything to do with it? DENIAL RATES

Median income	<50%	50-80%	80-120%	>120%
Mortgages	24%	19%	7%	6%
Improvement	48%	42%	37%	24%
Refinance	43%	39%	37%	19%

In the city, deteriorating housing stock is a major concern. High denial rates don't help the efforts at revitalization.

Is denial to African Americans higher because of the neighborhood type or stock of housing?

We studied six census tracts in Wilmington to see if race played a role in denial. These were the only six census tracts where we found that in three census tracts (7,9, and 17) African American (minority) populations exceeded 90% and in three (3) census tracts (11, 12, and 13) minority population was < 10%.

The minority census tracts were all low-income census tracts. 17% of the minority population resided in these low-income census tracts. There was greater concentration of non-minority populations in non-minority tracts; roughly 36% of non-minority city residents lived here. Vacancy rate was more than double in minority tracts. Owner occupancy rate was less than half in minority tracts. *High vacancy rates make the minority tracts attractive for redevelopment. Lower owner occupancy rates provide opportunities for first-time homebuyer programs.*

In minority tracts, mortgage loans were 3 times more likely to be denied & home improvement loans were two times more likely to be denied. *Higher denial rates for homeownership and home improvement opportunities in minority tracts impede any economic development plans in these tracts and neighborhoods.*

For each mortgage application made to a sub prime loan from a non-minority census tract, there were over 15 applications from the minority census tracts. Minority tracts were also much more likely to apply to a sub prime lender for a refi-

nance loan. *Sub prime loan, by definition is, at the very least, expensive loan. If a lower income existing or potential homeowner finances their housing needs through sub prime lenders, the area cannot expect to attain stability. When one acquires high cost debt and does not possess the economic ability to sustain the repayment over time, foreclosure is not very far in the future.*

Married homeowners made up about 23% of the homeowner population in minority census tracts. In non-minority census tracts, 43% of the homeowners were married. 44% of the homeowners in minority census tracts were single moms or single dads. In non-minority census tracts, the percentage dropped to 8%. *This statistic becomes particularly relevant in economically vulnerable times. The single parent is at a greater risk of losing the home, if downsized.*

Census tracts 9 and 11 are an interesting study. Tract 9 can accommodate 2.17 people per housing unit and tract 11 can accommodate 1.3 people per housing unit, assuming a zero vacancy. Yet, the vacancy rate in tract 9 is more than three times that in tract 11. Both tracts have 38-39% homeownership rate. Denial rate was twice as high for home mortgage applications in tract 9. In tract 9, a majority of applications were for sub prime loans. In **tract 11**, the majority applied for a prime loan. 45% home improvement applications were denied in tract 9, 27% in tract 11. 42% refinance applications were denied in tract 9 and 24% in tract 11. 44 applied to a sub prime lender in tract 9 and 14 in tract 11. *It is safe to say that race plays an important role in denials and in the choice of lenders.*

Recommendations:

Extensive education and outreach campaign by the prime lenders, the housing counseling agencies, and other supportive service providers. Financial Education is central to any education and outreach campaign (we have seen high level of sub prime activity from the city's most affluent neighborhood).

Rehabilitation of vacant units with a goal of creating mixed-income multi-cultural communities. Aggressive condemnation of unsafe housing units and exercise of eminent domain is needed. The City must assist to prevent vandalism and provide the necessary infrastructure required to develop these areas.

The City should review home-improvement loan programs being offered.

The banking community needs to outreach aggressively.

Banks must take the lead in attracting other private sector reinvestment opportunities. After more than 20 years of experience with the concept of community reinvestment and with regard for shareholder profit, it is logical to challenge the Delaware CRA community to bring others to the table.

The banking community also needs to engage the insurance industry in ensuring that a homeowner's ability to renew homeowner's insurance on a mortgaged home is not unduly burdensome. Until the loan is paid off, the bank relies on this home as a collateral.