

SPONSOR:

HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. ____

AN ACT TO AMEND TITLES 30 AND 31 OF THE DELAWARE CODE RELATING TO
THE REALTY TRANSFER TAX AND THE CREATION OF A HOUSING PRODUCTION
FUND.

WHEREAS, there is currently a shortage of 18,148 affordable and available rental homes
for extremely low-income renters in Delaware; and

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WHEREAS, for every 3.2 extremely low-income households, there is only one affordable
and available rental unit; and

WHEREAS, housing remains a critical racial justice issue in Delaware as black households
and families are four times more likely to experience homelessness than white households; and

WHEREAS, in February of 2022, one in three people experiencing homelessness in
Delaware was a child under the age of 18; and

WHEREAS, there is also a lack of affordable for-sale housing stock with Zillow reporting
that home values in the past year have risen 24% in Sussex County, 18% in Kent County and 15%
in New Castle County which makes home prices out of reach for moderate income households and
much of Delaware's workforce; and

WHEREAS, the Delaware State Housing Authority is able to fund the construction or preservation of about 130-150 rental units each year with federal Low-Income Housing Tax Credits and financing from the Housing Development Fund, which does not begin to address demand; and

WHEREAS, while one-time investments in affordable housing are valued and will help tremendously, Delaware needs significant and sustained investments in affordable housing at the state level each year; and

WHEREAS, other states, including the Commonwealth of Pennsylvania dedicate a portion of their realty transfer taxes for the funding of affordable housing; and

WHEREAS, when income from the realty transfer tax increases, it is because the price of homes and the demand for homes has increased, and these market conditions are when working families, and moderate and low-income families are most likely to be priced out of the housing market; and

WHEREAS, utilizing a percentage of the revenue derived from the realty transfer tax for affordable housing provides a significant and sustained source of investment.

NOW THEREFORE:

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Subchapter II, Chapter 54, Title 30 of the Delaware Code by making deletions as show by strike through and insertions as shown by underline as follows:

§ 5427. Housing Production Fund receipt transfer.

On or before October 15 of each fiscal year, the State shall transfer twenty percent of the receipts received under Chapter 54 of this title to the Delaware State Housing Authority's Housing Production Fund created pursuant to Subchapter II, Chapter 40, Title 31 of the Delaware Code.

Section 2. Amend Subchapter II, Chapter 40, Title 31 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§4029A. Housing Production Fund.

(a) There is established the Housing Production Fund for the purpose of funding affordable housing production in the State. The DSHA shall oversee and administer all funds deposited into the Housing Production Fund.

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(b) The Housing Production Fund must be used exclusively for the production of rental and homeowner housing that is affordable to households earning 80% or less than the Area Median Income (AMI) at the county level, meaning that households at or below 80% of AMI are spending no more than 30% of their household's gross monthly income on rent or mortgage costs.

(c) The DSHA shall administer the Housing Production Fund under the guidelines under Subchapter III, Chapter 40 of this Title with respect to affordable housing production.ⁱ

Section 3. This Act shall take effect on July 1, 2025.

Synopsis

Delaware is experiencing an affordable housing crisis. While one-time investments of capital will help address this crisis, Delaware needs a significant source of sustained investment in affordable housing each year. This legislation, modeled after a similar program in the Commonwealth of Pennsylvania, dedicates a percentage of the State's share of the realty transfer tax to the Housing Production Fund, administered by the Delaware State Housing Authority. These funds will be used exclusively for the production of affordable housing, including units for rental and homeownership. A strong future for Delaware is only possible when we have safe and affordable housing for all the citizens of the State.

¹ This is the Subchapter of the Delaware Code that creates the Housing Development Fun and outlines how the DSHA administers the fund.

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