

Delaware's Housing Shortage & Outcomes of Policy Changes Elsewhere

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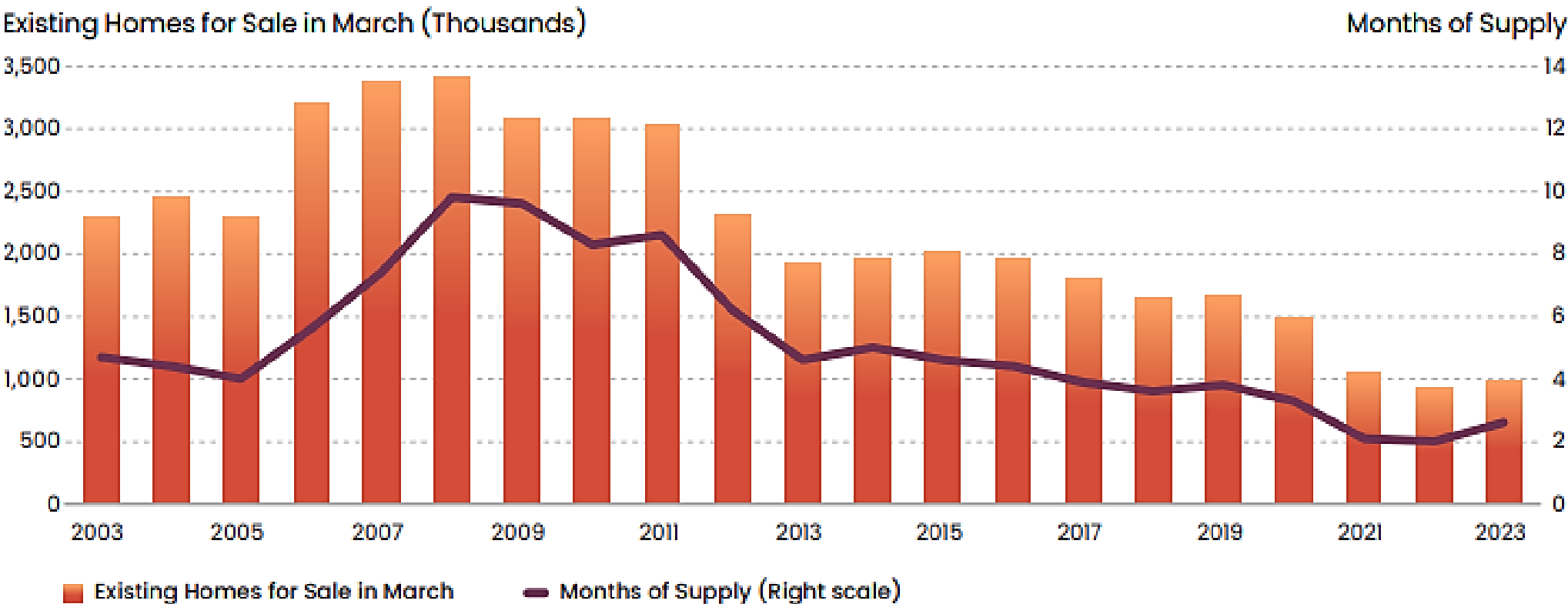
Pew

U.S. Housing Costs Have Reached an All-Time High in the Past Year

- Half of renters are spending more than 30% of income on rent (Delaware: 44%)
- One-quarter of renters are spending more than 50% of income on rent (Delaware: 22%)
- Housing shortage of 4-7 million homes is primary culprit
- Household size has reached an all-time low of 2.49 (Delaware: 2.45)
- 63% of U.S. households have 1 or 2 people (Delaware: 64%)
- 25% of U.S. housing stock is multifamily (Delaware: 17%)

U.S. Supply of Homes Near an All-Time Low

Supply of Homes for Sale Remained Near Record Lows in Early 2023



Notes: Months of supply measures how long it would take homes on the market to sell at the current rate. Six months is typically considered a balanced market.

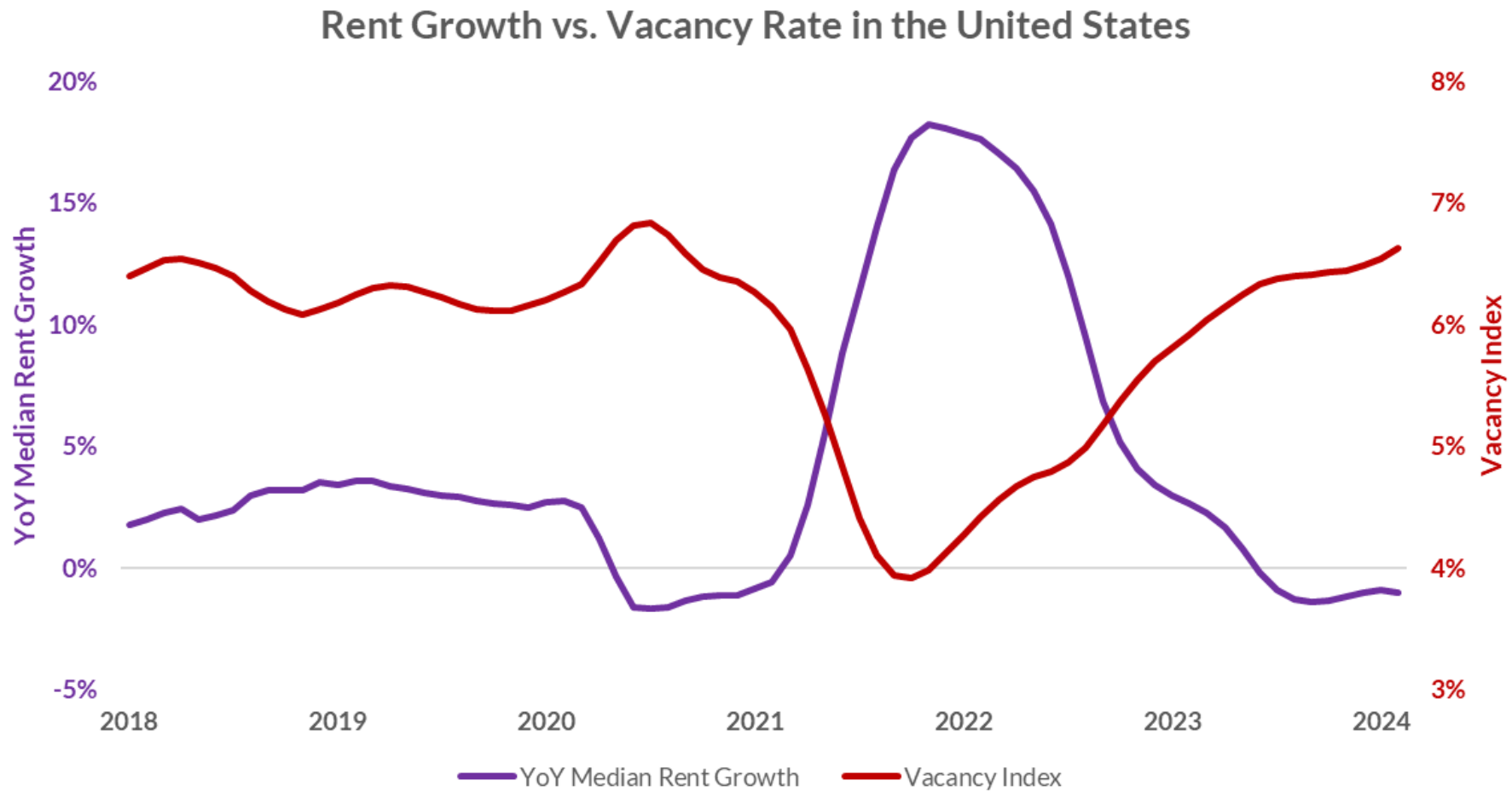
Source: JCHS tabulations of NAR, Existing Home Sales

Low Housing Supply Hurts Affordability



Source: Federal Reserve Economic Data; National Association of Realtors Monthly Supply Data

Rents Rise Quickly When Shortages Occur



Delaware's Housing Shortage Widespread



Delaware grapples with housing shortage as a task force weighs local control against urgent demand



New Castle County faces a growing housing crisis

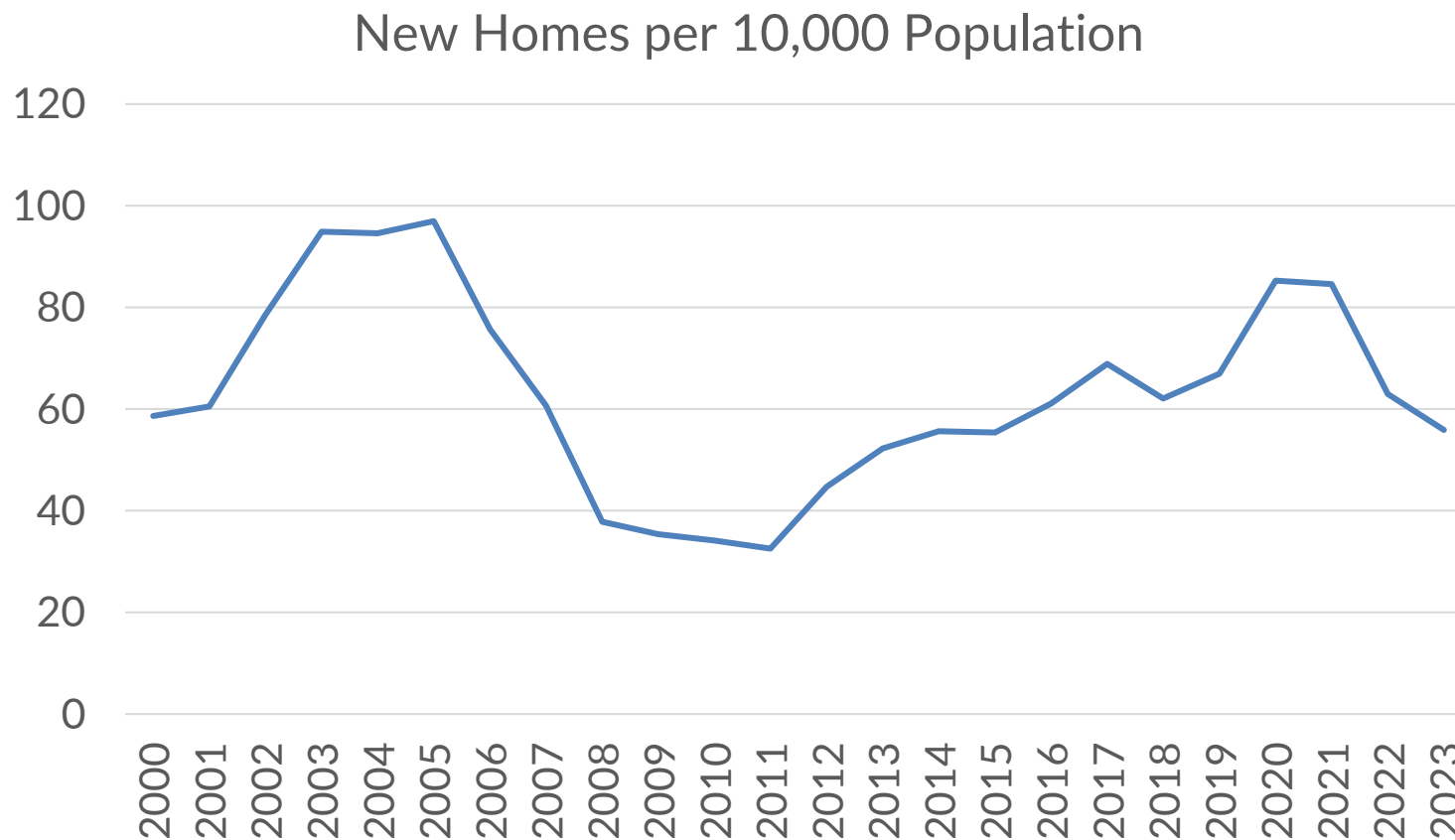


SEEDS OF NEED: Shortage of housing plagues Delaware



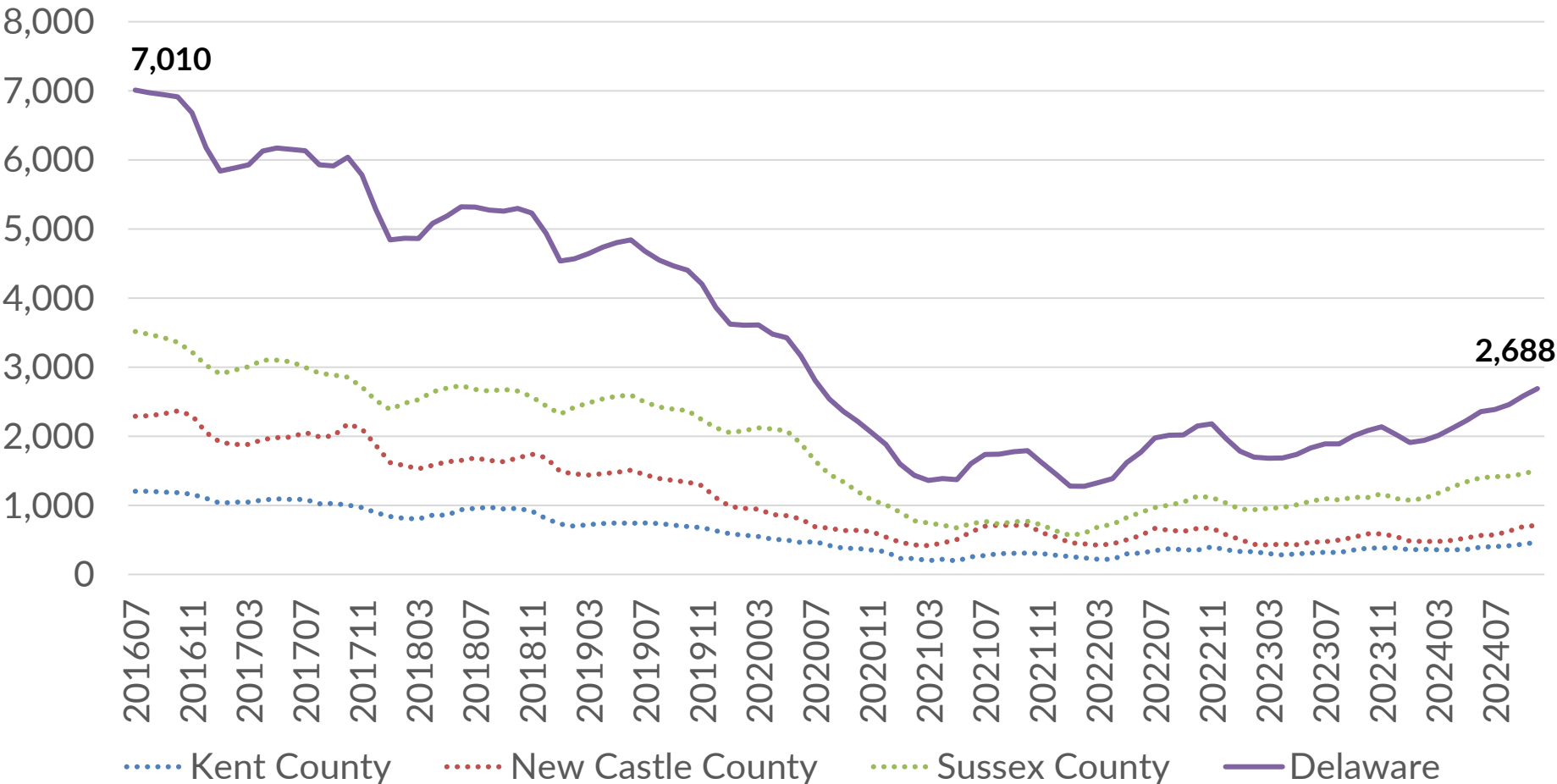
Delaware Housing Needs Assessment study shows shortage of affordable rental units

Delaware Home Construction Digging out of Shortfall



Source: Pew's analysis of U.S. Department of Housing and Urban Development building permits data and Federal Reserve resident population data

Delaware's Housing Inventory at Just 38% of 2016 Level

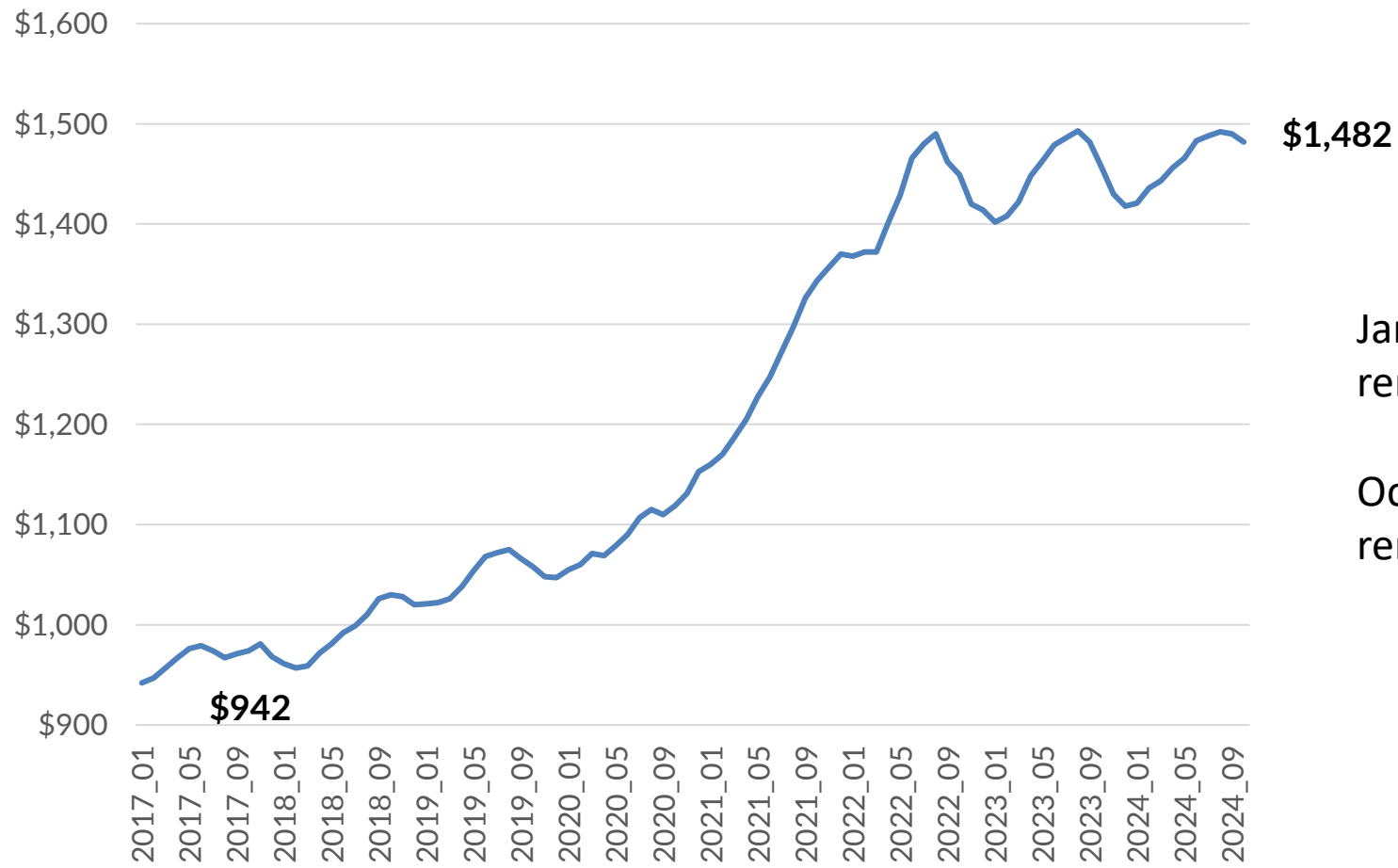


Delaware median home cost spiked 48%:
Mar. 2020: \$330k
Oct. 2024: \$487K

Source: realtor.com

Delaware Rents Soar Amidst Shortage

Median Monthly Rent in Delaware
Increased 57% from Jan. 2017 to Oct. 2024



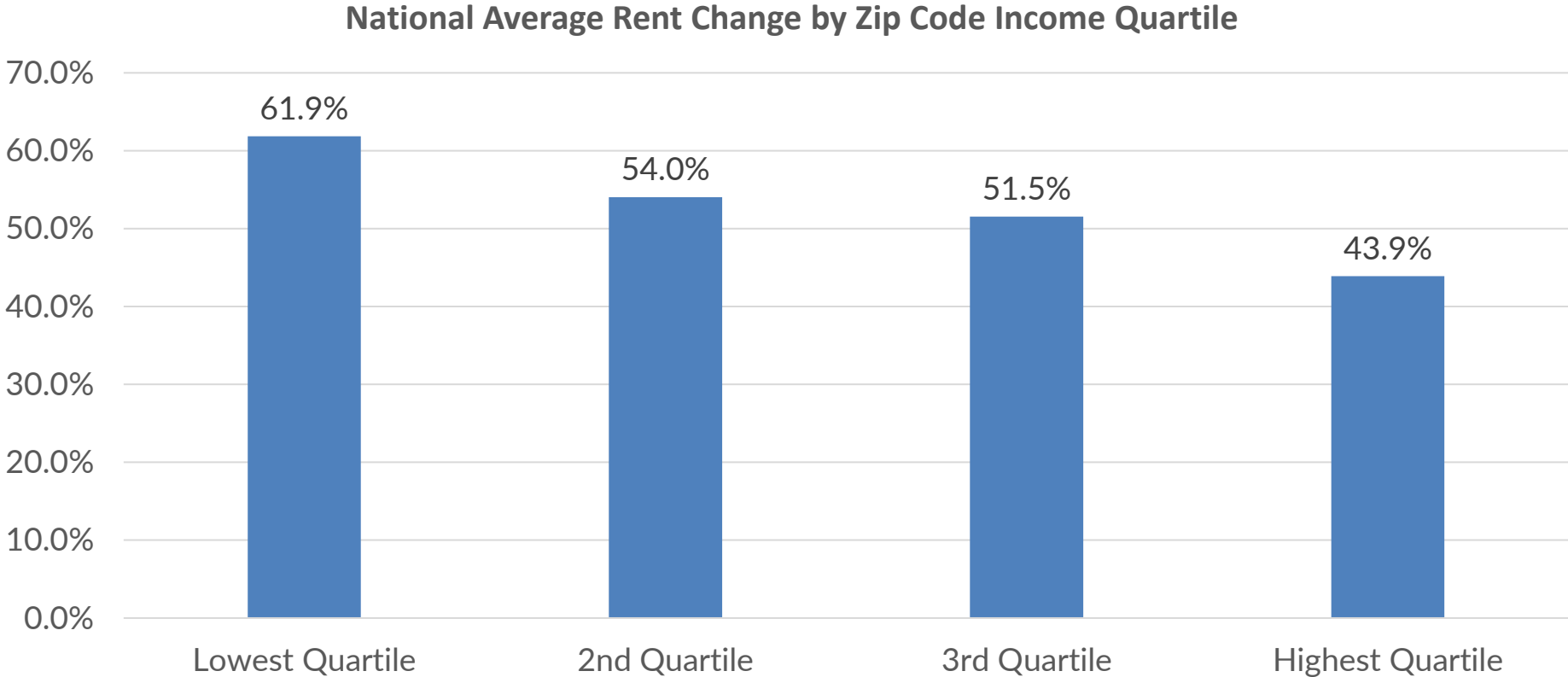
Jan. 2017: Median Delaware rent 12% below U.S.

Oct. 2024: Median Delaware rent 6% above U.S.

Source: Apartment List Rent Estimate data



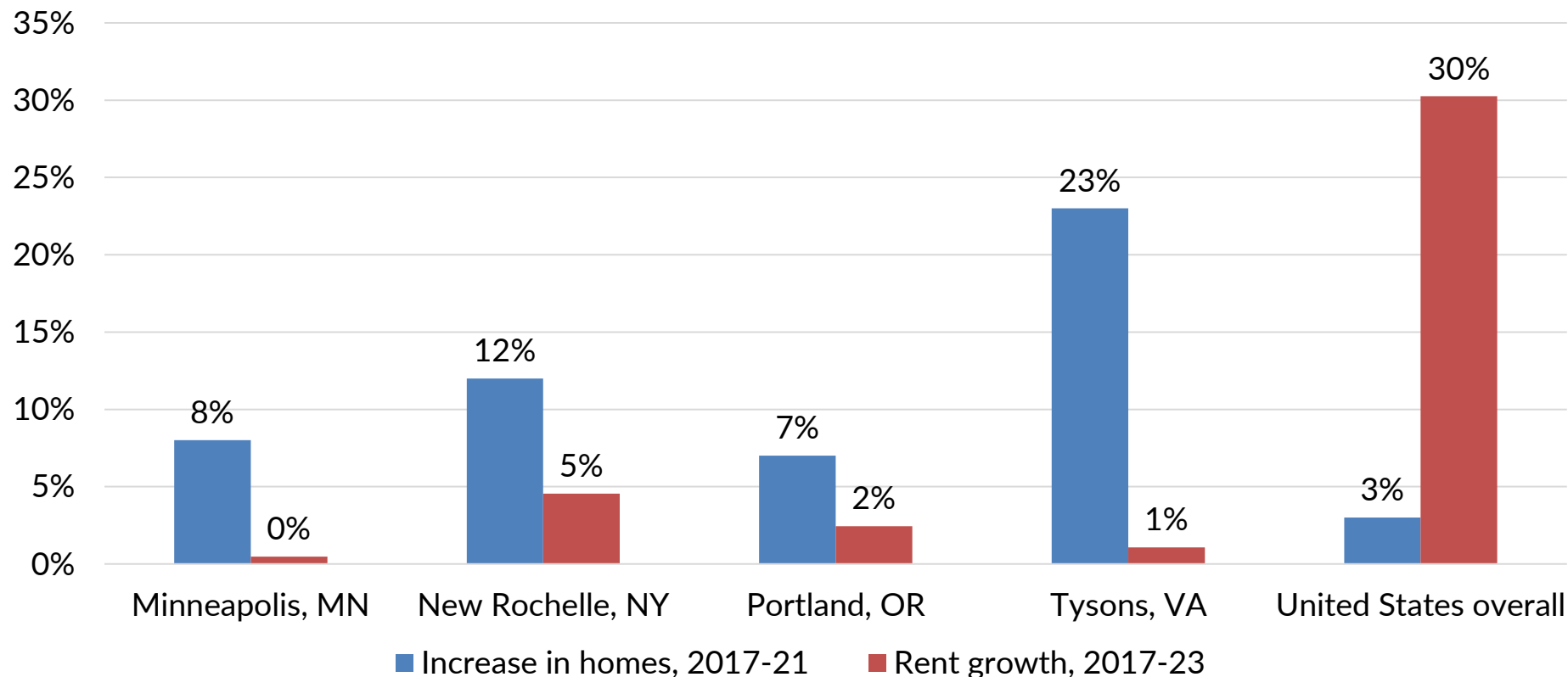
Housing Shortage Hurts Low and Moderate-Income Households Most



Source: Pew’s analysis of Zillow rent estimate data (Sep. 2017-Sep. 2024) and IRS Income by ZIP Code data (2017)

New Data Confirms More Supply = Lower Housing Costs

Rent Growth Is Low Where Housing Has Been Added

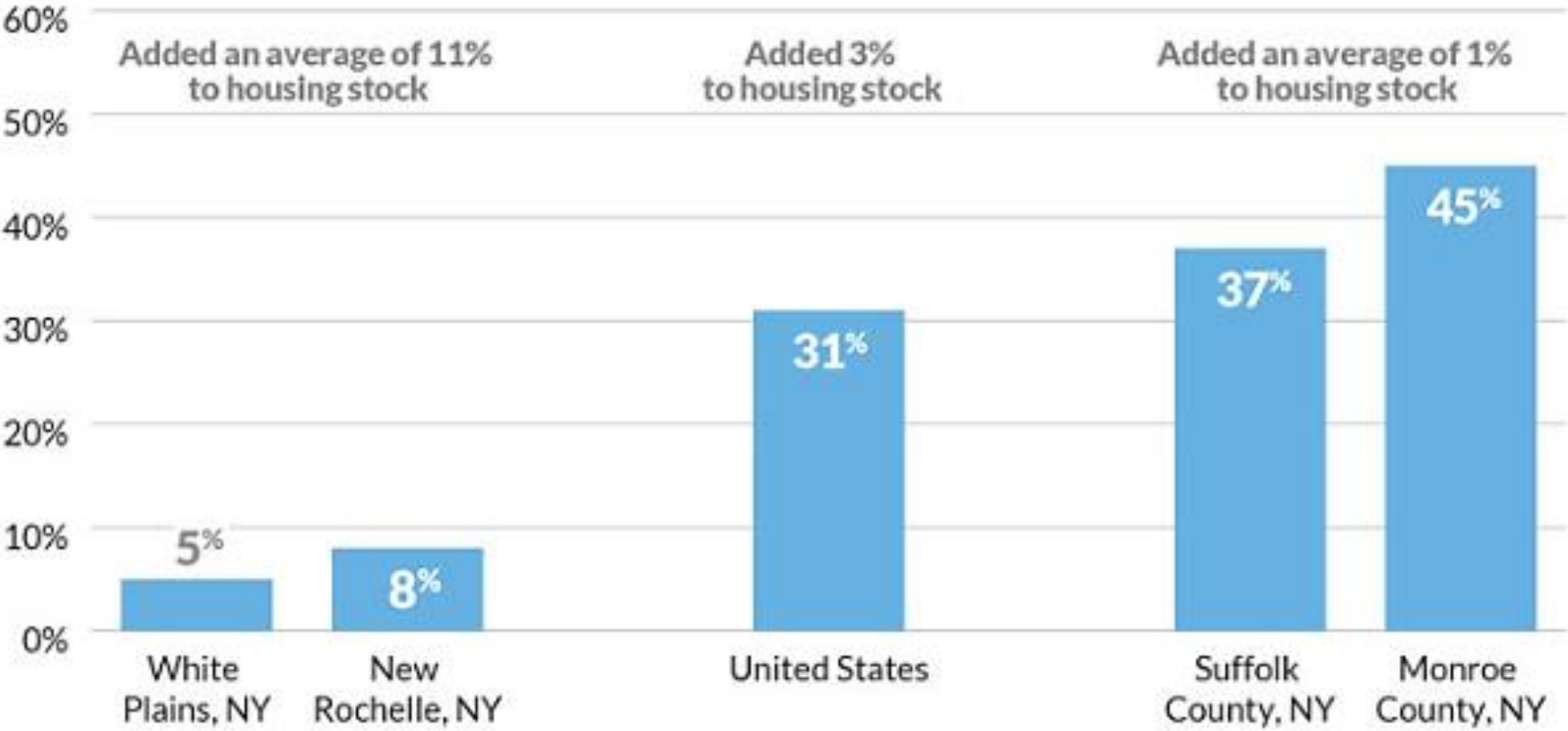


The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

Some New York Jurisdictions Added Housing and Kept Rent Growth Low

Growth in median rent between February 2017-February 2023



Sources: ACS Census Bureau and Apartment List Rent Estimate data

Supply Boost Has Driven Down Rents in Lower-Cost Apartments

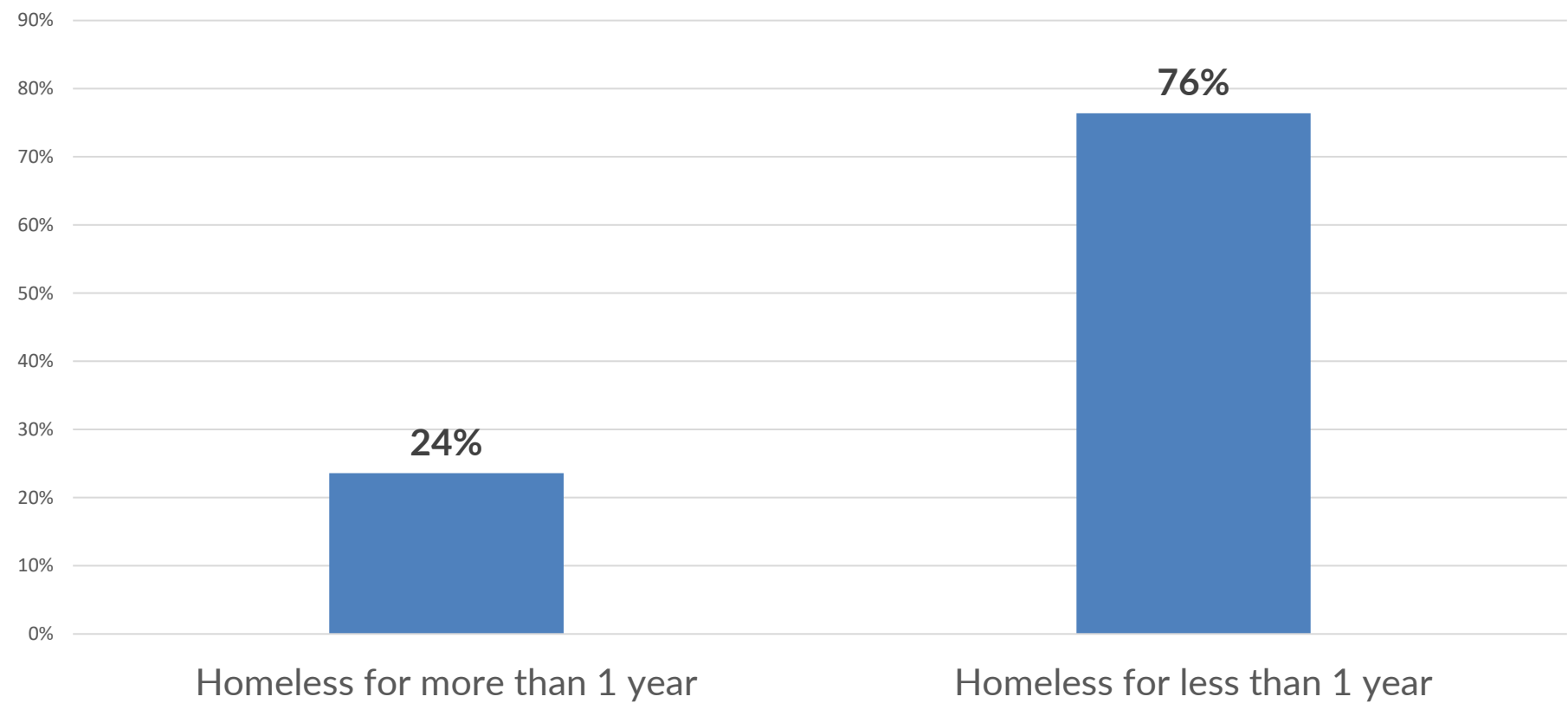
Market	Effective Rent Change in 2023			
	Market Average	Class A	Class B	Class C
Austin	-6.0%	-4.4%	-5.7%	-7.9%
Dallas	-1.4%	-0.4%	-1.9%	-1.5%
Orlando	-4.0%	-2.9%	-5.1%	-3.1%
Phoenix	-4.3%	-1.9%	-3.9%	-7.2%
Salt Lake City	-3.4%	-1.9%	-3.9%	-3.6%
San Antonio	-2.9%	-1.7%	-3.6%	-2.8%

Source: RealPage rent data

How Housing Costs Drive Homelessness Levels

Homelessness Driven by Inflows & Outflows, Not a Static Group

Data from 2023 point-in-time count for U.S.

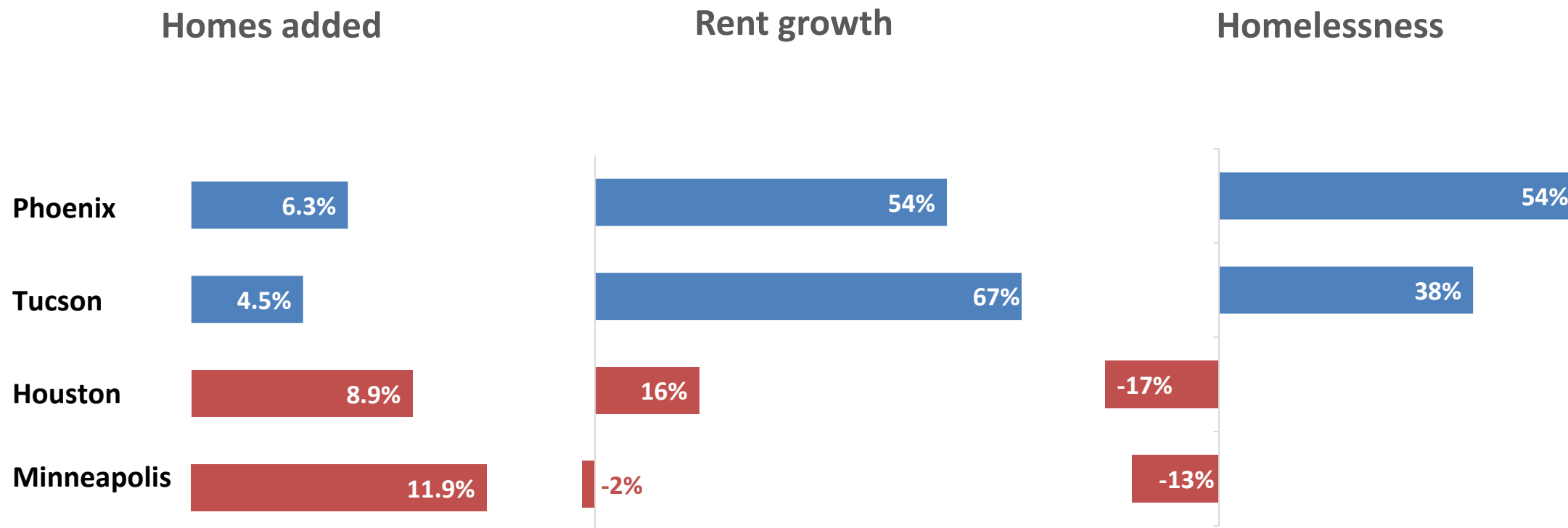


**653,000 people identified
in 2023 homelessness
count in United States
(all-time high)**

Source: HUD PIT count

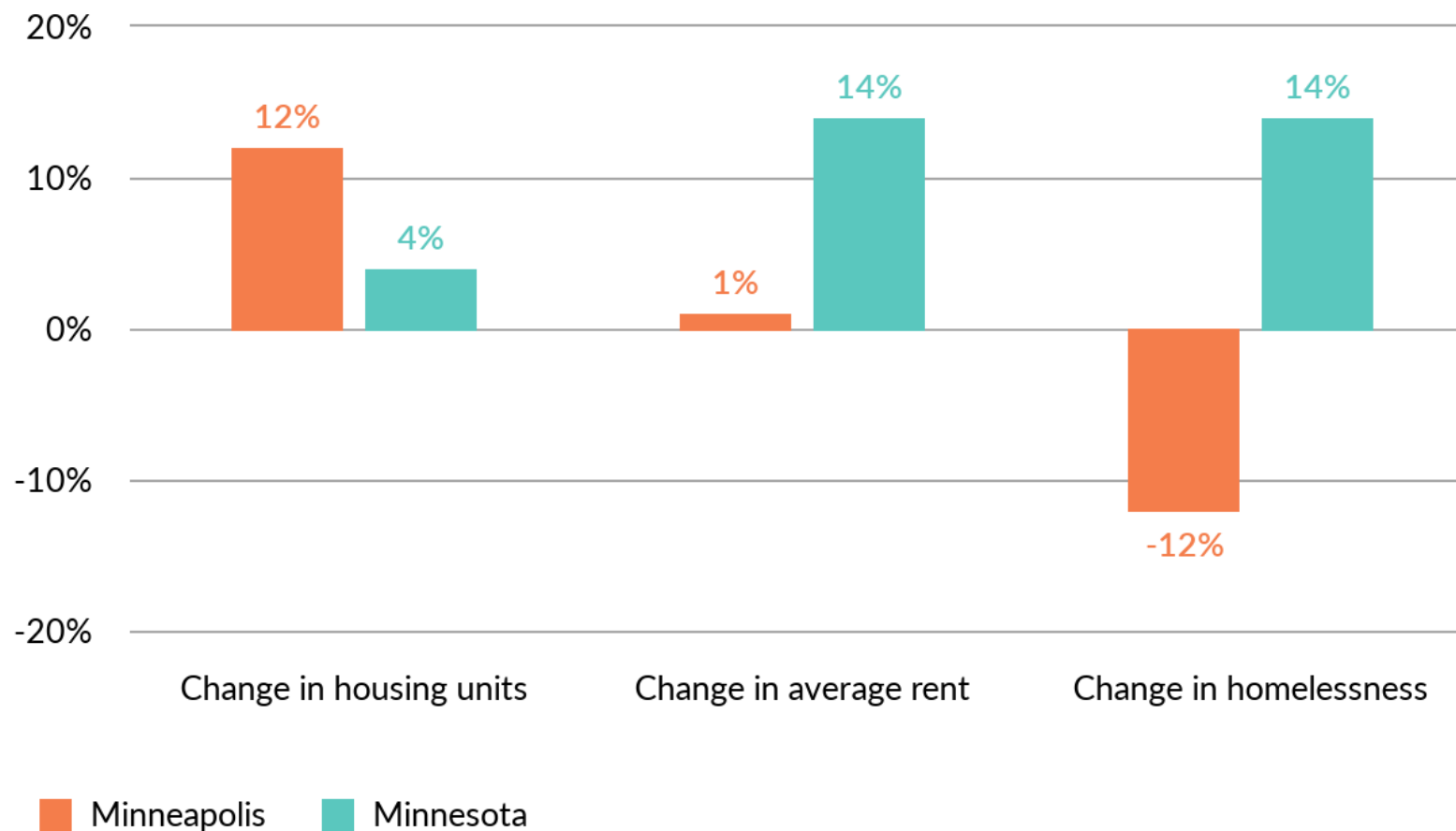
Housing Shortages Have Pushed Up Rents, Homelessness

Percent change, 2017-2022 (2017-2023 for rents)



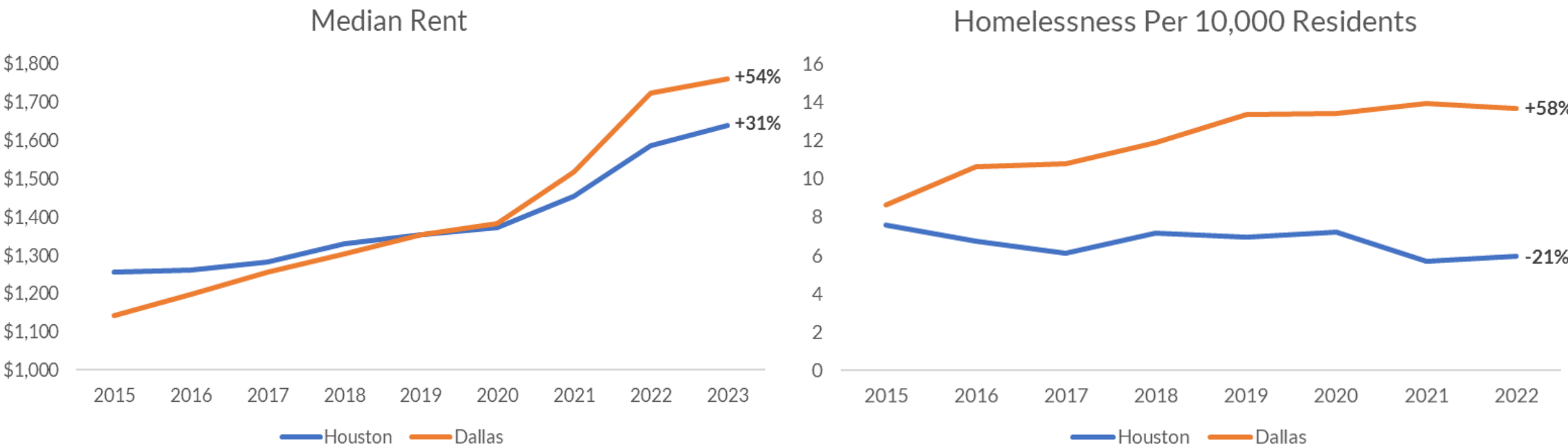
After Zoning Reform, Minneapolis Rent Growth Slowed, Homelessness Dropped

Percent change, 2017-2022



Why Homelessness Surged in Dallas While it Dropped in Houston

Percent change in median rent (2015-2023) and homelessness per 10,000 residents (2015-2022)

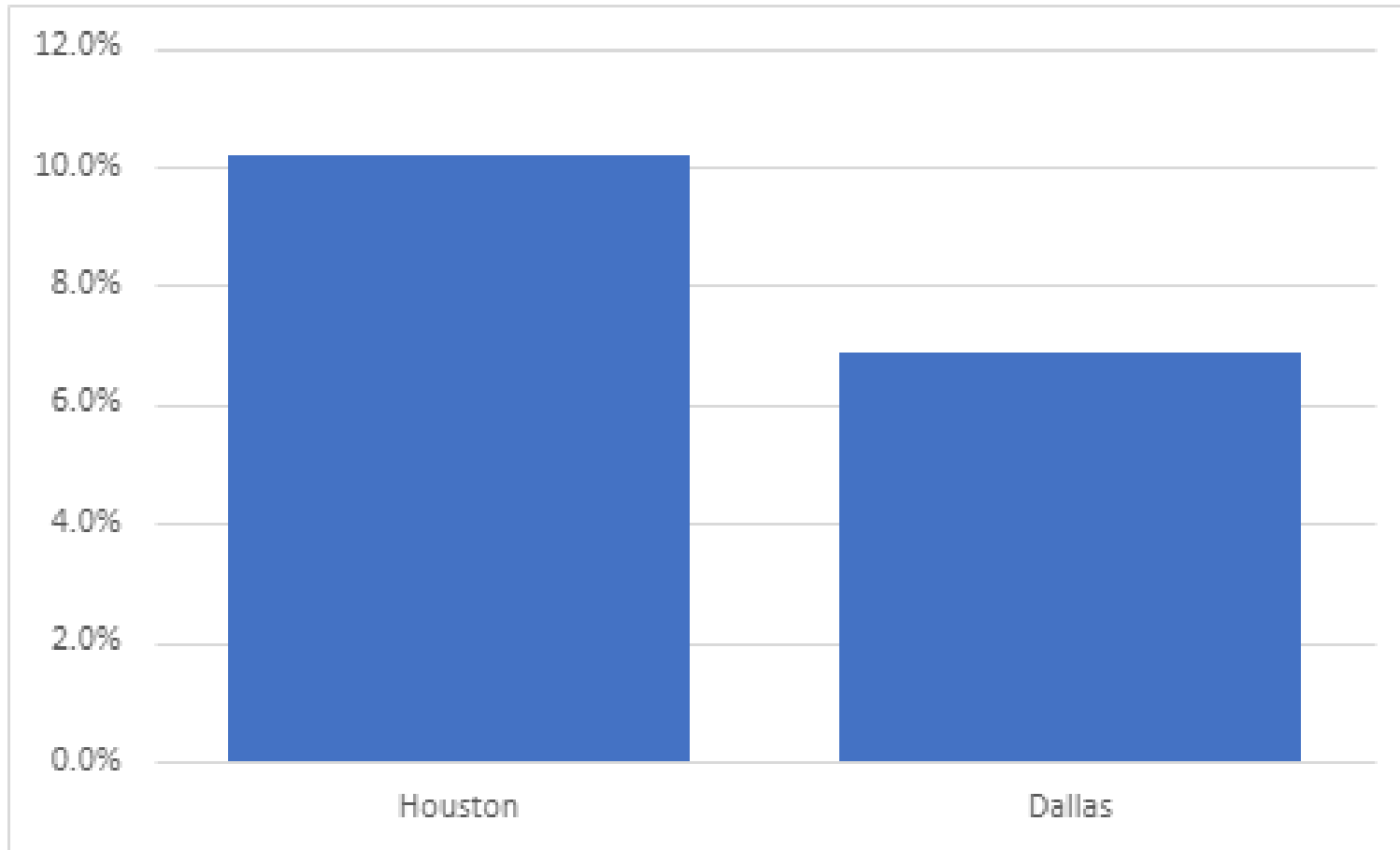


From Jan. 2015 to Jan. 2023, Dallas' rents increased by \$3,000/year more than Houston's

Sources: Zillow Rent Estimate data for rents; HUD Point-in-Time count data for the CoC covering the listed jurisdiction for homelessness

Houston's Land-Use Rules Led to More Homes, Less Homelessness

Percent change in housing supply, 2015-2022



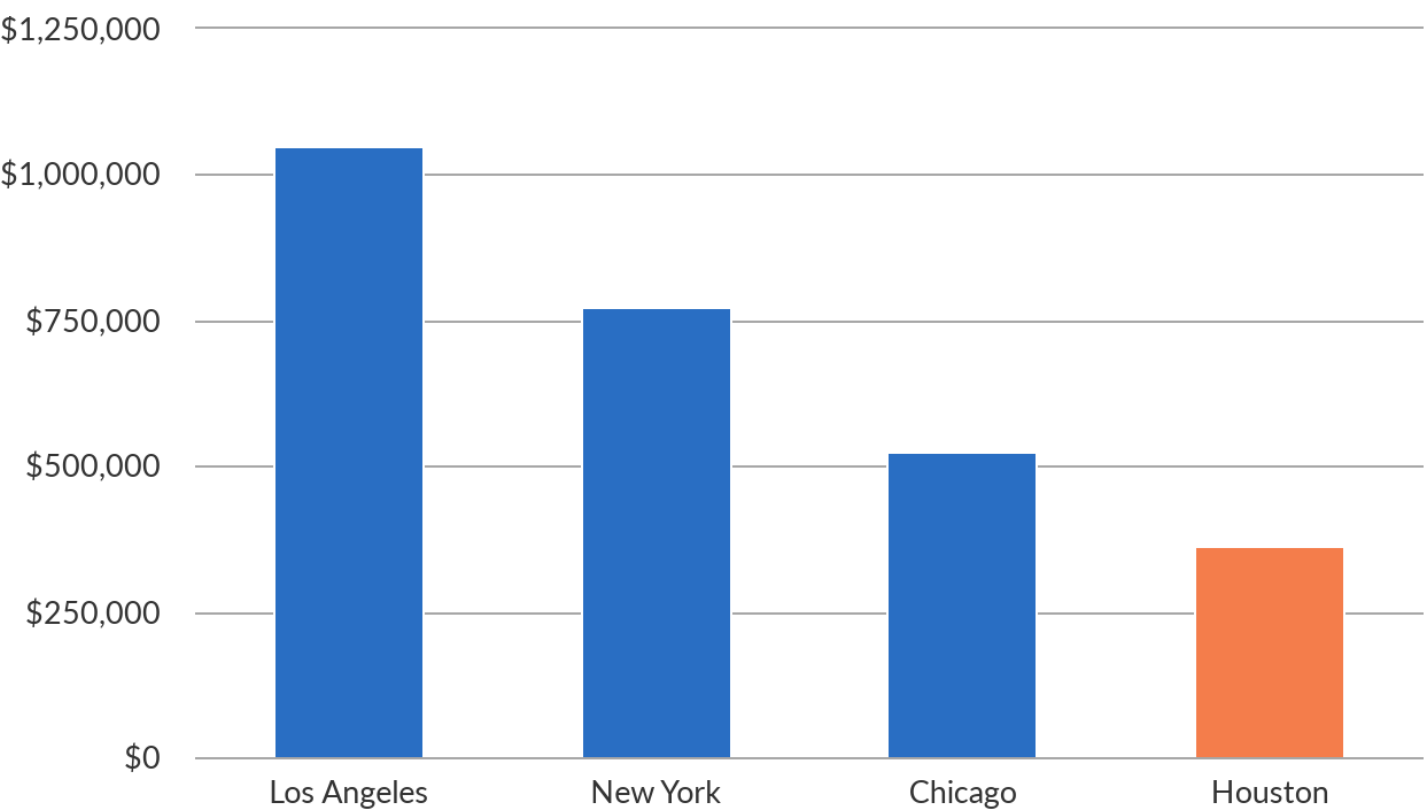
Sources: U.S. Census Bureau's American Community Survey (2015-2022)

Houston has enacted a series of reforms to allow more homes, including reducing minimum lot size citywide from 5,000 sq. ft. to 1,400 sq. ft. in 2013

If Dallas had built at the same rate as Houston from 2015-2022, it would have nearly 19,000 more homes.

Of 4 Largest Cities, Houston Added Most Housing, Remained Affordable

Median cost of homes built from 2000 to 2021, by city



During this time, Houston added 33% to its housing stock vs. average of 14% in other three cities

Source: American Community Survey 1-year population estimates for 2000-21

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How State Policymakers Have Engaged On Housing

States Ensuring Localities Allow More Housing Types

- Enabling accessory dwelling units (ADUs)
- Legalizing small multifamily in many places
- Legalizing multifamily in commercial areas
- Streamlining permit approval processes
- Building code reforms, including manufactured housing
- Limiting parking mandates
- Simplifying office to residential conversions, including micro-units

ADUs Are Naturally Affordable and Have Required Comprehensive, Permissive Laws to Reach Scale

Location on already developed lots, smaller sizes, and fewer amenities mean accessory dwelling units (ADUs) often rent for less than other newly built homes.



Without subsidies, about 1 in 3 ADUs ...

- Are affordable to those making $\leq 80\%$ area median income (AMI) in 5 high-cost California counties.
- House residents making $\leq 70\%$ AMI in Vancouver, British Columbia.

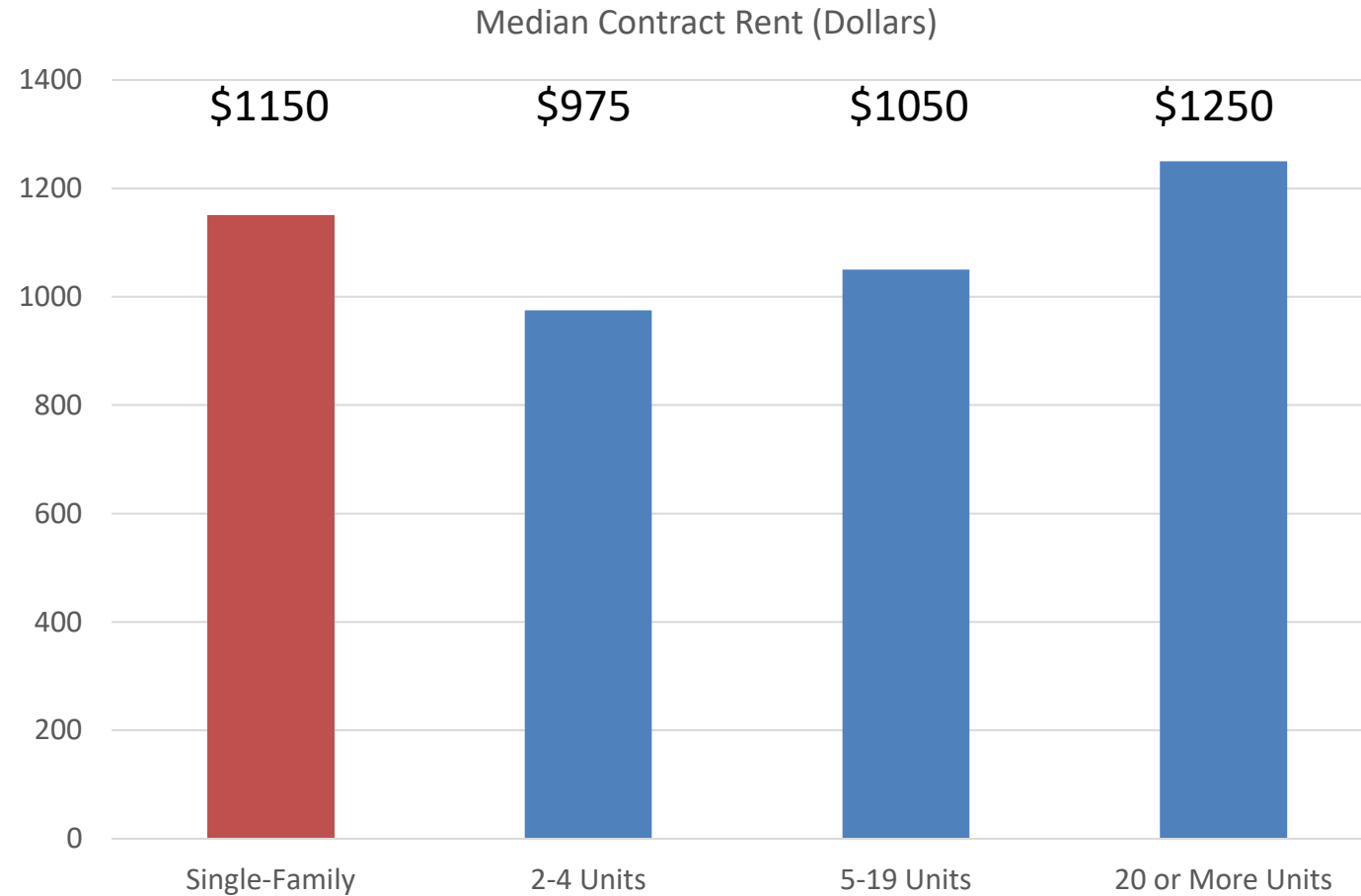
Sources: UC Berkeley Center for Community Innovation, 2021; AARP, 2021

With preapproved designs and vendors, ADU permitting takes ...

- 1 day in Los Angeles.
- 1 hour in San Jose.

9 states have legalized ADUs on all or nearly all single-family lots

— Small Multi-Family Has Lowest Rents, but Often Prohibited by Local Zoning



Notes: Rental Units may be occupied, vacant for rent, or rented but unoccupied. Contract rent excludes utilities paid separately

Source: 2022 American Community Survey 1-Year Estimates

Building Code Reforms Enacted by States in 2023 & 2024

- Moving 3-4 unit buildings or 3-6 unit buildings under less-costly residential code with 1 & 2-unit homes (NC's 2023 HB488; and a study version, 2024's HB2071 in WA).
- Studying or enabling allowing one staircase for 4-6 story buildings instead of mandating two staircases to enable these buildings on small lots (CA, CT, MN, NY, OR, TN, VA, WA).
- Legalizing micro-units/co-housing wherever multi-family housing is allowed or for adaptive reuse (HI, OR, WA).

Delaware Fire Deaths by Housing Type, 2019-2024

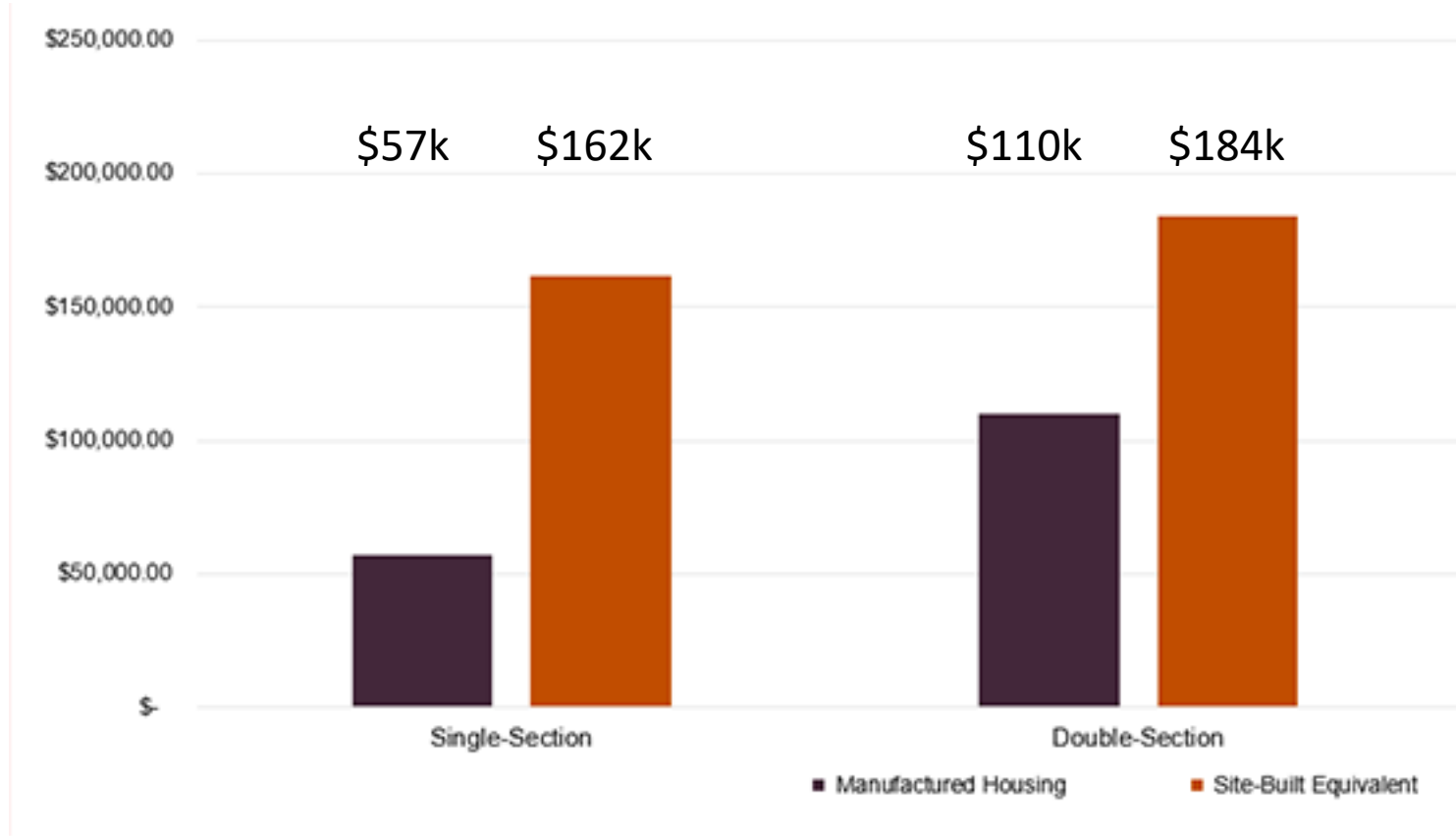
Jan. 2019 - Oct. 2024	Single-family (inc. duplex & manufactured)	Old multi-family (built 1999 or earlier)	New multi-family (built 2000 or later)
Share of housing stock	84%	11%	5%
Share of fire deaths	93%	7%	0%

Notes: These figures are from publicly available data and are likely an undercount of the full number of fire deaths that occur each year. Delaware had 42 fatal fires and 52 fire deaths in buildings under the single-family code, 4 fatal fires and 4 fire deaths in pre-2000 multi-family, and no fatal fires or fire deaths in new multi-family.

Source: USFA Home Fire Fatalities in the News database and NFIRS

Manufactured Housing

Cost figures from 2020, for home excluding land



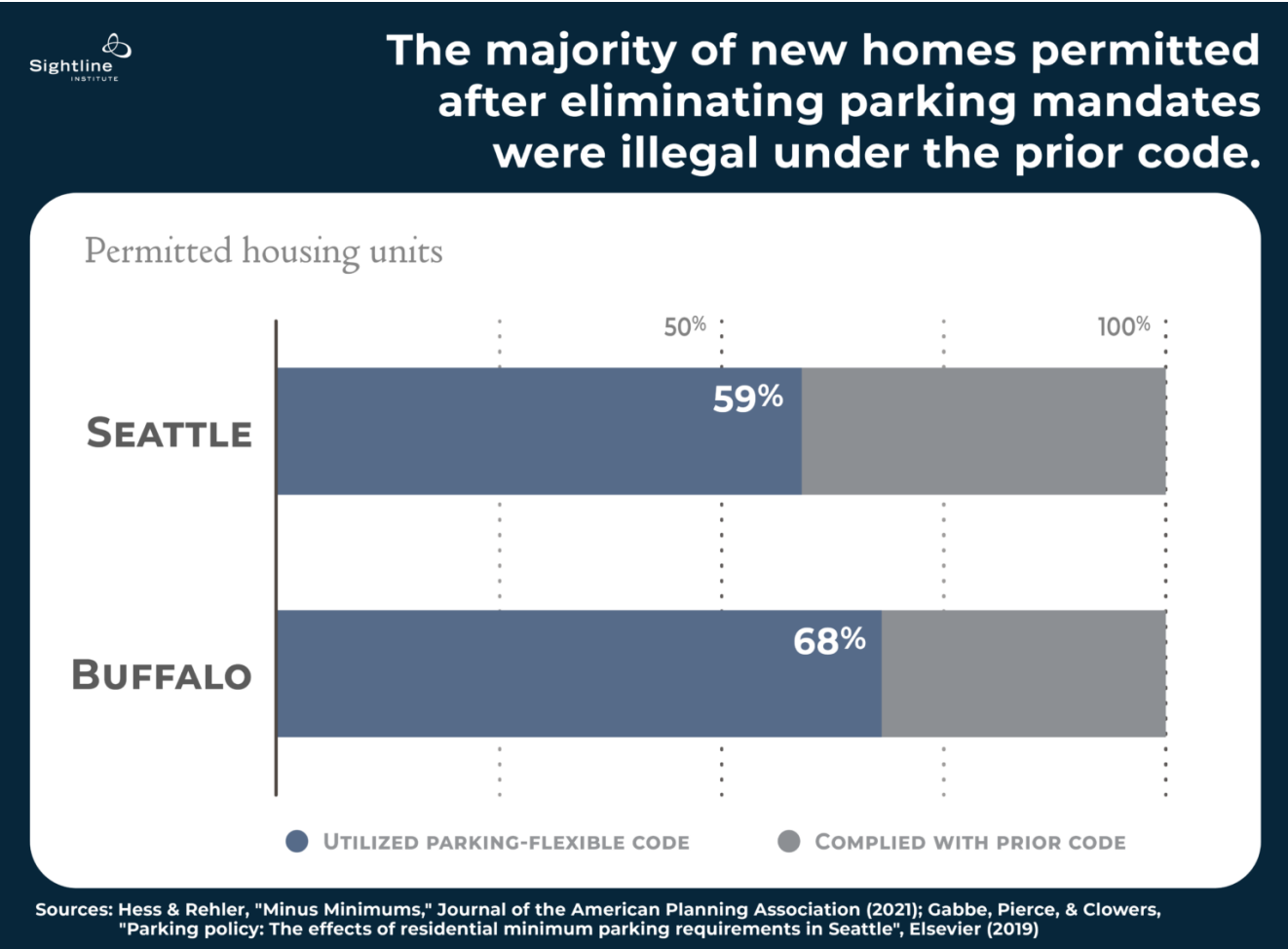
New manufactured housing is considered similar quality to site-built.

Many 2024 models are net zero ready (adding solar panels can cover all energy usage).

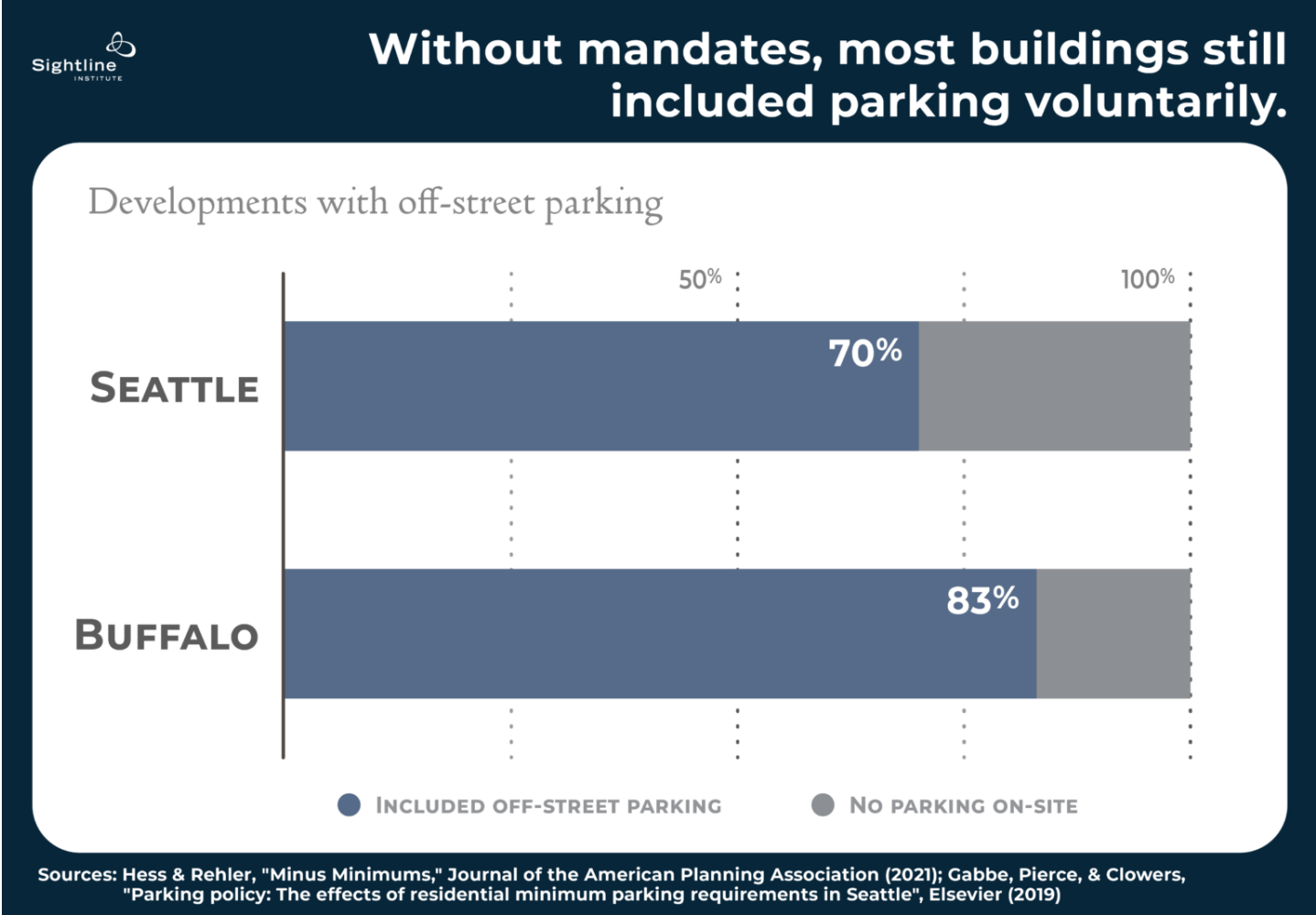
Trend toward states allowing manufactured housing anywhere site-built is allowed (including 2024 laws in Maryland, Maine, and Rhode Island).

Source: Joint Center for Housing Studies at Harvard, Comparison of the Cost of Manufactured and Site-Built Housing, 2023

Increased Parking Flexibility Has Improved Housing Supply, Affordability



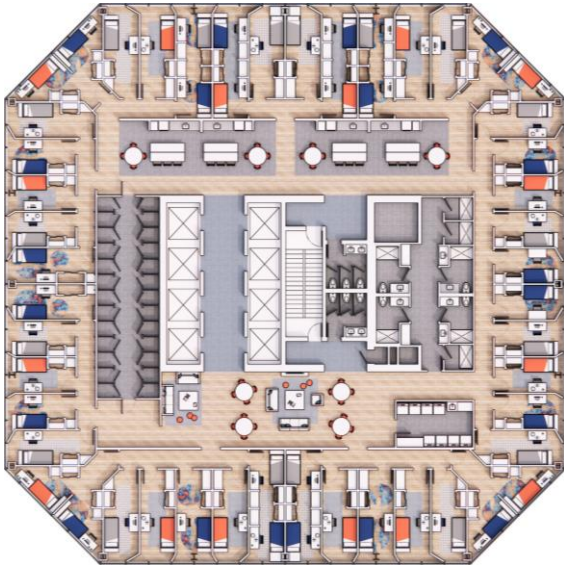
Most Housing Includes Some Off-Street Parking, Even When Optional



Cost Benefits of Office to Co-Living

- Cost per unit 2x-4x lower than either new build or office to conventional apartment.
- Centralizing plumbing reduces costs by avoiding the expensive construction of kitchens and bathrooms in each unit.
- Construction costs are 25-35% lower per square foot than office to conventional apartments.

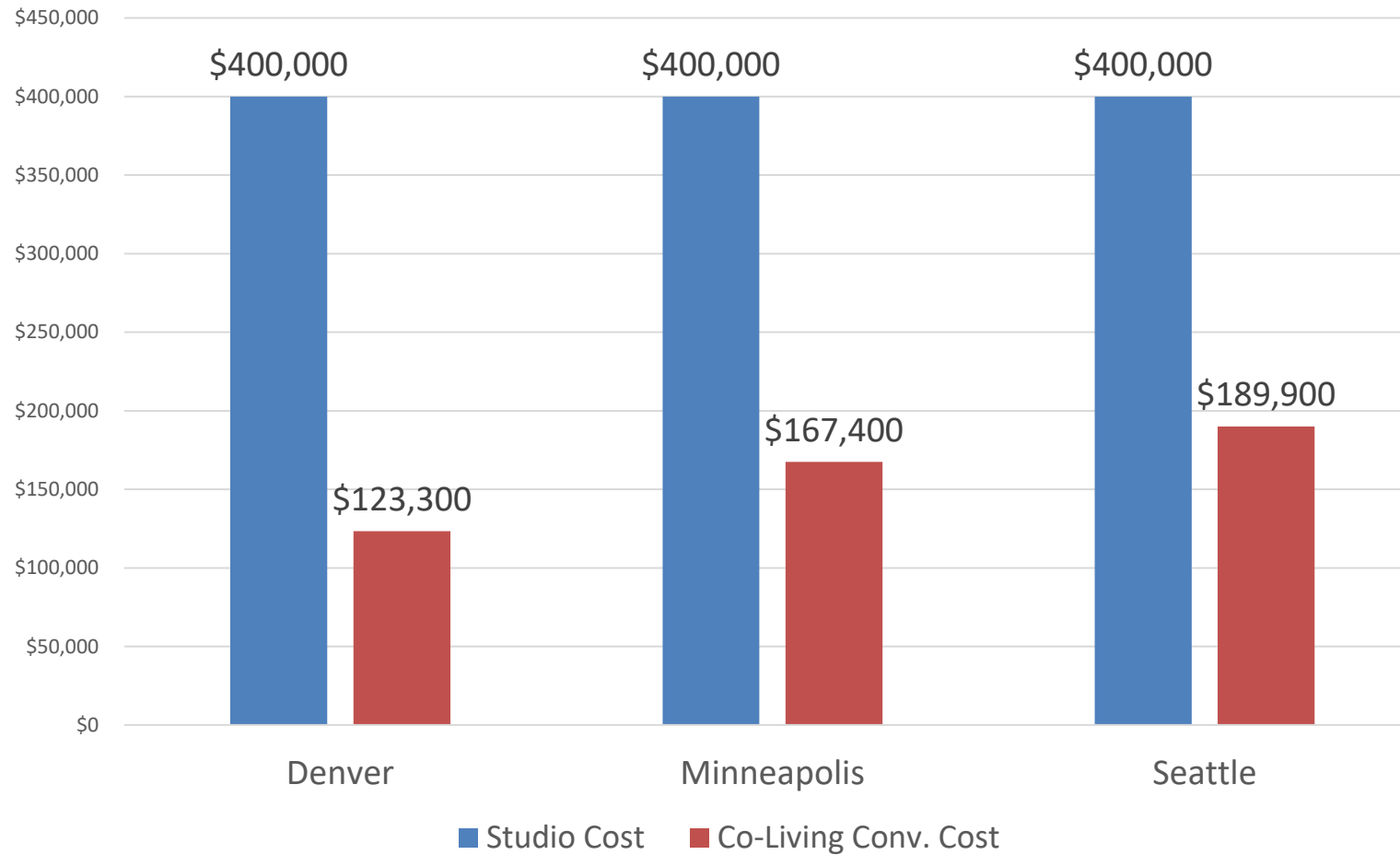
Denver Building Floor Plan Rendering



- 28 residential floors
- 48 beds per floor
- Total of 1,232 units (1,344 residents)

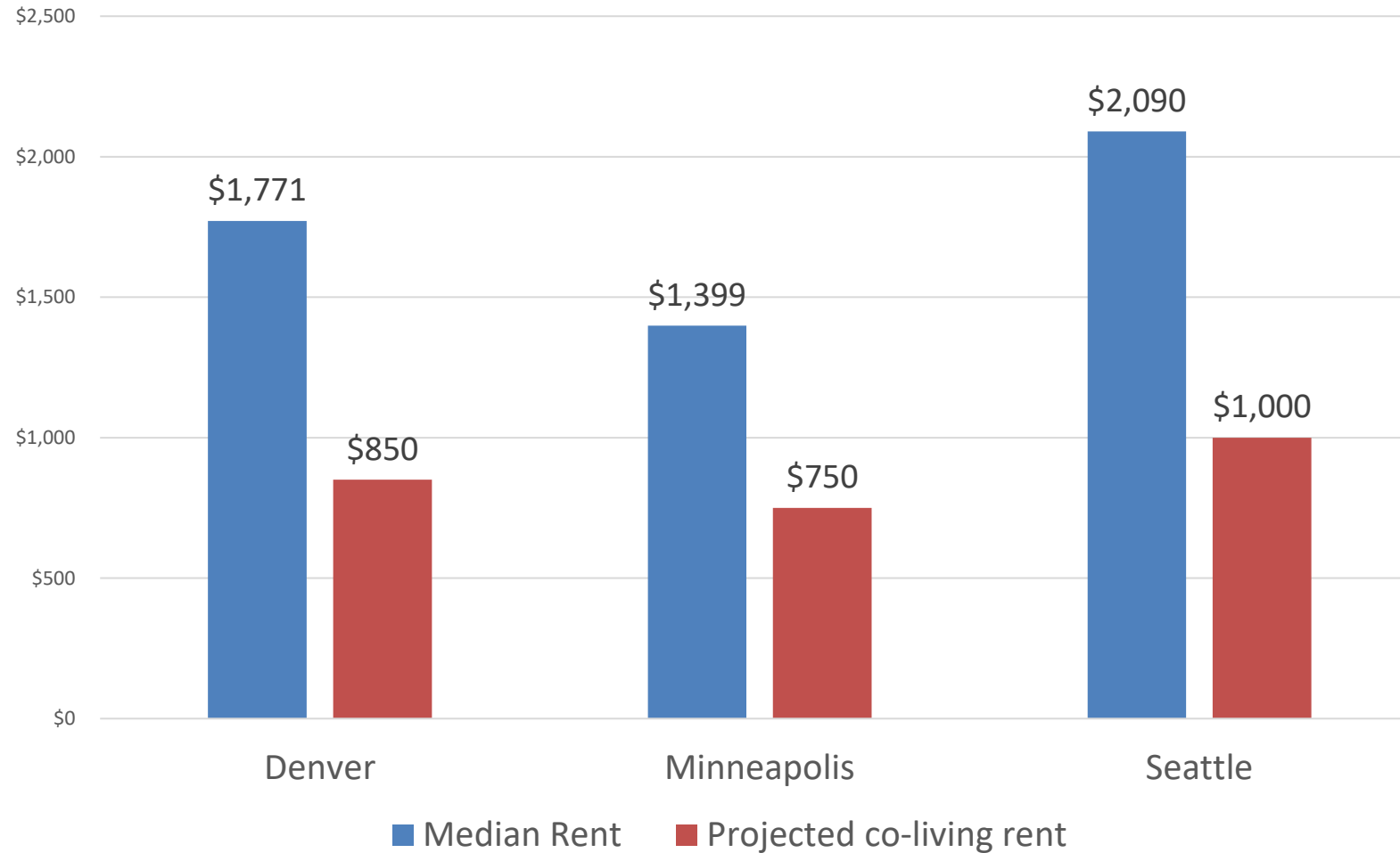


Co-living conversions cost far less than new-build studios



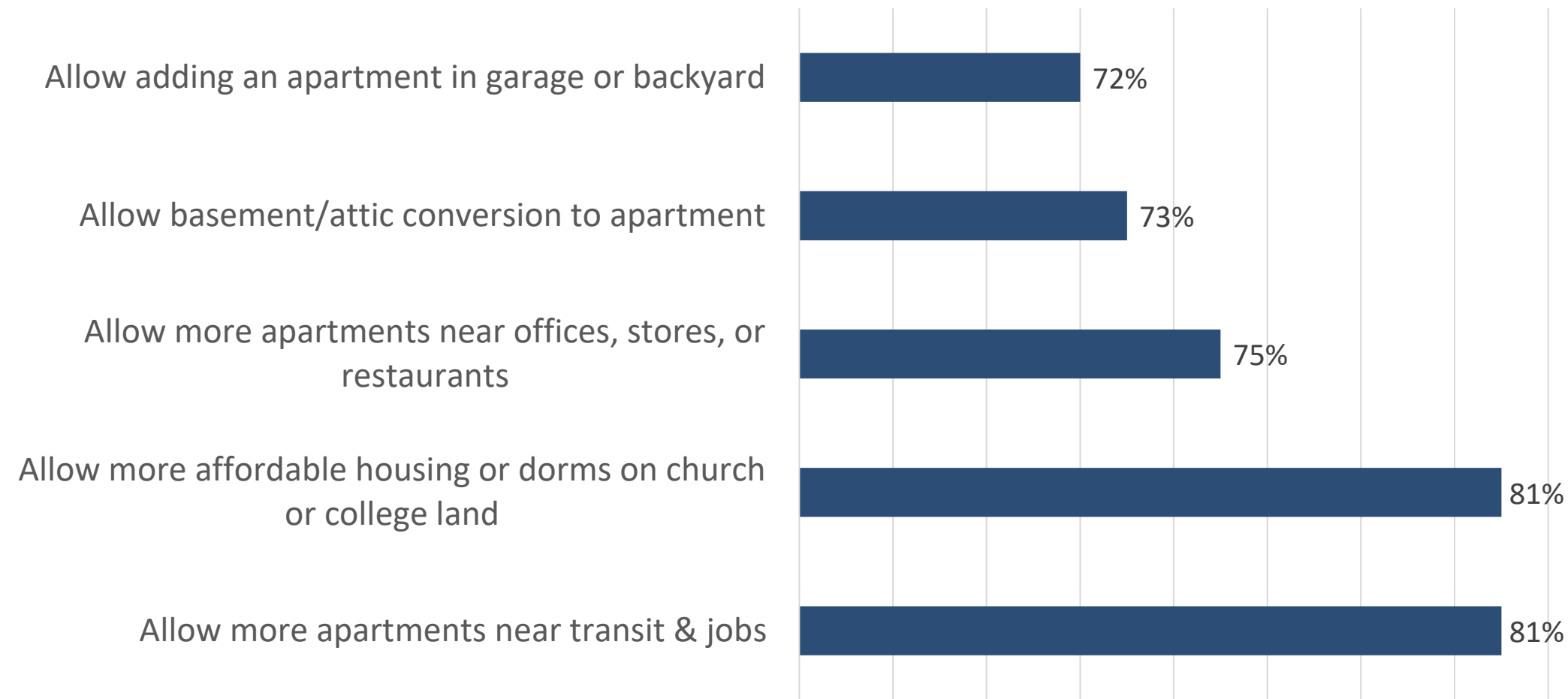
Source: Studio costs from Gensler and Turner Construction; co-living development costs estimated by Gensler and The Pew Charitable Trusts, 2024

Co-Living Conversions Can Achieve Low Rents

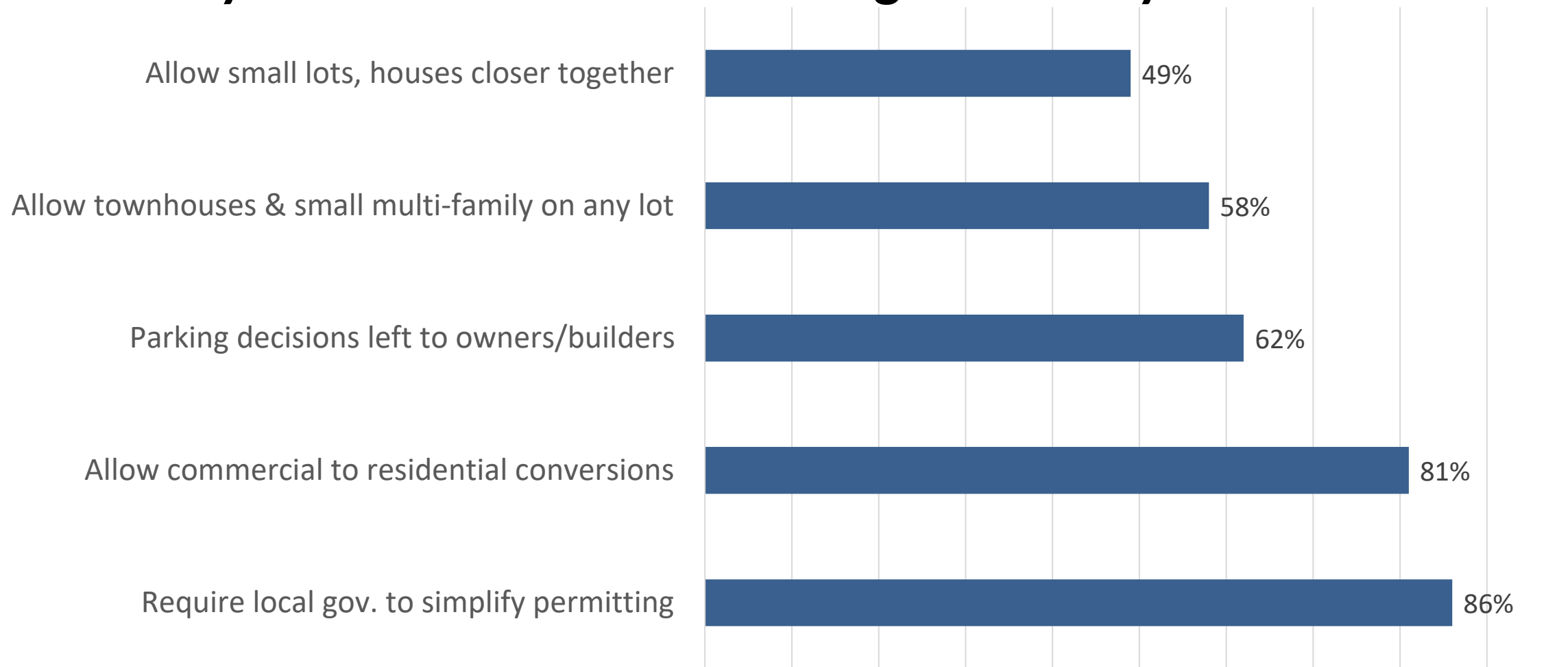


Source: median rents from Apt. List; projected rents estimated by Gensler and The Pew Charitable Trusts, 2024

Pew Survey: Share of Americans Favoring Each Policy



Pew Survey: Share of Americans Favoring Each Policy



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