

Delaware Housing Supply Accelerator

Summary & Findings

NOVEMBER 2024

A COLLABORATIVE EFFORT OF:
Delaware Chapter of American Planning Association
& City Management Association of Delaware

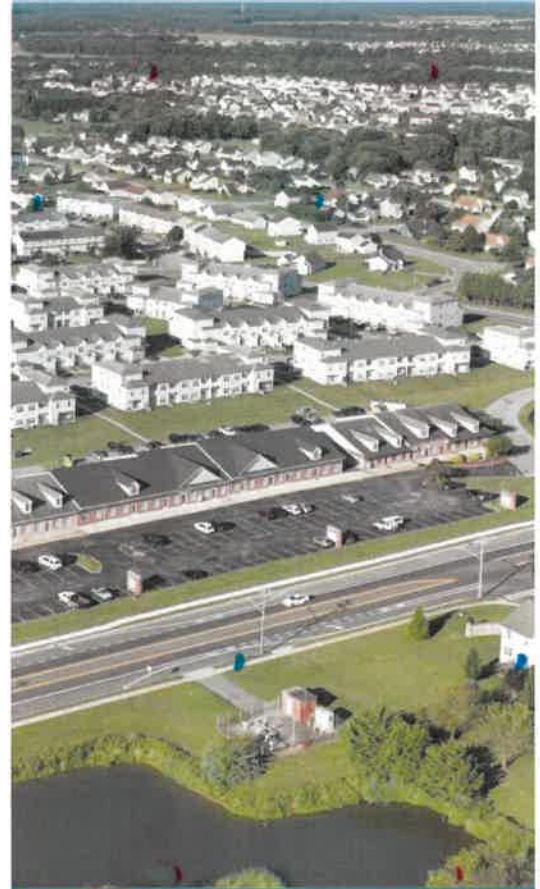


American Planning Association
Delaware Chapter

Creating Great Communities for All



City Management
Association of Delaware



A letter to housing policymakers and practitioners in Delaware

On behalf of the Delaware Chapter of the American Planning Association (APA DE) and the City Management Association of Delaware (CMAD), we are pleased to offer this report from the Delaware Housing Supply Accelerator. A group of stakeholders consisting of elected officials, state government staff, local government staff, nonprofits, and business associations met over a period of six months to discuss actions to accelerate housing production in Delaware.

APA DE and CMAD are pleased to provide this report, which summarizes the process, identifies key takeaways, and proposes actions to take. It is a compilation of ideas from a diverse group of stakeholders and does not represent the views of any single person or organization. The state's housing shortage is well-documented, and we hope that this report provides some insight and guidance from professionals and practitioners who know the issue as well as anyone. The report aims to strike a balance between regulation (sticks) and incentives (carrots) and recognizes that government funding alone will not yield enough housing units to meet our state's housing shortage. Barriers must also be removed so a greater diversity of housing can be built across the income spectrum.

Thank you to the stakeholder groups that engaged with us over the past few months. And thank you to our national affiliates, The American Planning Association (APA) and the International City/County Management Association (ICMA), for providing guidance and support on this critical issue. Your collective input is greatly appreciated.

Sincerely,



Sean O'Neill, AICP
President, APA DE

Sincerely,



Kristy Rogers, MPA, ICMA-CM
President, CMAD

Background

Building off the National Housing Supply Accelerator

In 2022, the American Planning Association (APA) partnered with the National League of Cities (NLC) to form the national [Housing Supply Accelerator](#) campaign, to develop solutions to solve our nation's housing crisis. This extensive work culminated with the publishing of the Housing Supply Accelerator Playbook in May of 2024. It is a useful guide for improving housing production nationwide.



The Playbook contains guidance on forming local housing supply accelerator campaigns. In the Fall of 2023, Delaware APA's Chapter President Sean O'Neill reached out to APA National about forming a group in our state. APA National was very supportive of the idea, recognizing that housing production solutions are not one size fits all. Sean worked with the City Management Association of Delaware (CMAD) to formulate a strategy and it was agreed to move forward with this effort.

In April of 2024, APA DE and CMAD started the Delaware Housing Supply Accelerator effort by holding our first group meeting. The purpose of the group is to use the National Housing Supply Accelerator effort as well as the Playbook as an example to identify and promote the most efficient housing solutions that would likely be successful in Delaware. Our view is that housing is primarily a local land use issue, and as a result housing solutions are almost never easy to outline appropriately without state and local context. We hope that our discussions and recommendations lead to more concrete action steps at both the local and statewide level in order for Delaware to begin effectively addressing its housing production challenges both now and in the near future.



Engagement Process

Stakeholder-Driven Discussions

CMAD and APA DE selected a small group of stakeholders that represent a focused cross-section of housing practitioners and policymakers. These included a housing champion in the State Senate, the Homebuilders Association of Delaware, the Delaware Association of Realtors (DAR), the Delaware State Housing Authority (DSHA), Housing Alliance Delaware, and county and municipal leadership. While impossible to meet with everyone connected to housing, the Accelerator group felt these stakeholders represented a broad range of views through their collective knowledge, experience, and constituents.

Engagement Meetings

- **April 23, 2024** – APA DE and CMAD members
 - The kickoff meeting to outline our process, stakeholders to engage with, and find general agreement on the principles we intended to pursue.
- **May 28, 2024** – Senator Huxtable and staff
 - This discussion included topics such as how Delaware is fundamentally different than many other states in terms of providing necessary infrastructure and resources, barriers to housing supply, zoning reform, redevelopment and infill development, state incentives, and federal funding programs.
 - Senator Huxtable outlined some of his vision for moving Delaware from a state that creates individual subdivisions that are often not connected to a state that focuses more on creating a better community for everyone.

- **June 24, 2024** –Homebuilders Association of Delaware and Delaware Association of Realtors (DAR)

- The discussion included topics such as the need for greater density and multi-family housing, community opposition to projects, restrictive regulations and processes, rising construction costs and workforce shortages, building codes, and transportation infrastructure bonding.
- The Executive Director of the Homebuilders Association outlined their desire to see significant density reform in the state along with more housing targeting the state's workforce in areas of need, facilitating infill development in appropriate locations where infrastructure already exists, and expediting review processes for multifamily development statewide.
- The Executive Director of DAR outlined their mission to promote home ownership and private property rights, but also mentioned that they generally agree with the goals of the Homebuilders Association and emphasized NIMBY (not in my backyard) groups as critical barriers to success.

- **July 24, 2024** – Delaware State Housing Authority (DSHA)

- The discussion included topics such as the prevalence of single-family housing, restrictive zoning, discriminatory public hearing processes, project financing difficulties, and the classification of multi-family projects as commercial.
- Director of State Housing Cynthia Karnai outlined the great need to not only increase housing production statewide, but also the need for significantly improving collaboration among stakeholders in the housing space here in Delaware.

- **August 19, 2024** – County Planning and Community Development Directors

- The discussion included topics such as bulk regulations, parking requirements, pocket homes, community opposition, yes in my backyard (YIMBY) groups, office space conversions, and market-oriented policies.
- The Planning Directors and Community Development Directors from all three counties emphasized the need to address the concerns often presented by the public in the effort to improve housing supply and increase density and infill development in appropriate locations. All are in favor of increasing housing supply and housing density in key locations that will offer

housing for Delaware residents of all economic and demographic backgrounds, but all three counties also recognized that a critical barrier to achieving this is overcoming any potential misinformation and negative perceptions that newly proposed housing developments (especially those that are not single-family detached developments) sometimes receive at public meetings.

- **September 13, 2024** – Dr. Kevin Spence of the Delaware League of Local Governments (DLLG)
 - A coordination meeting to gather feedback on the Accelerator process and plan for DLLG’s input on the recommend actions.
 - Dr. Spence noted that towns have repeatedly asked for a list of options or recommendations from the state that could work well to increase housing in their community, but to this point have not received anything that has been very helpful.

- **September 26, 2024** – Rachel Stucker of Housing Alliance Delaware
 - A coordination meeting to gather feedback on the Accelerator process and plan for Housing Alliance Delaware’s input on the recommend actions.
 - Ms. Stucker mentioned that builders would like to build denser housing in areas that are suitable and already have the infrastructure to support it, but they are frequently not allowed to due to local land-use laws. Ms. Stucker also outlined other regulatory barriers as a critical obstacle in developing more housing that relate more directly to the state government and their agencies fast-tracking other projects, but not typically multifamily or affordable housing projects.

A Focus on Solutions

Stakeholders provided valuable feedback on potential solutions to Delaware’s housing crisis, which are documented in the next section. The group’s final recommendations are the direct result of the solutions discussed in the engagement process. There may be other viable ideas that are not included because they were not introduced in the meetings or supported by stakeholders. The recommendations are meant to be considered with other complementary ideas from other sources.

Findings & Recommended Actions

Developing Delaware-Focused Solutions

The stakeholder engagement meetings introduced many challenges and potential solutions. When notes were summarized, some key takeaways emerged that helped frame the recommended actions.

Key Takeaways


1. More density by-right and more incentives for local governments to approve additional density are needed.
2. Community opposition stops most non-single-family housing projects, is often discriminatory, and the approval process often does not appropriately represent the needs or desires of the community overall.
3. Too many barriers to non-single-family housing production in state regulations and local ordinances.
4. Many local zoning codes have not been updated in decades, which is the case in most of the country as well.
5. State incentives do not necessarily require a great deal of funding and could be very helpful.

Throughout the discussions, two main categories of actions rose to the top:

1. Stakeholders expressed frustrations with the many barriers that prevent private developers from building denser, more affordable housing.
2. Stakeholders believe that changes to both state and local policies in order to incentivize new non-single-family detached style housing in appropriate locations would make a significant impact.

The following recommendations are potential actions that would remove barriers and create incentives to enable the production of a greater variety of housing units. They are a balance between state regulation and local control that are a starting point for addressing the issue at all levels of government. Some of the proposed solutions may be bold and others may not go far enough, so we encourage state and local officials to come together for productive and amicable debates. Also, in implementation, some of the wording may need to be adjusted. The recommendations are meant to be actionable but not too prescriptive.

Recommended Actions

	Enable	Incentivize
	<p>[Remove Barriers]</p>	<p>[Increase Opportunities]</p>
<p>State</p>	<ul style="list-style-type: none"> Coordinated with comprehensive plan updates, require all local jurisdictions to evaluate and update their zoning codes within the next 10 years, and to reevaluate every 10 years thereafter. <ul style="list-style-type: none"> Develop a model of required and optional code changes that will enable development of greater housing density by-right in appropriate locations in accordance with the Strategies for State Policies and Spending. Provide state grant funding and technical assistance to complete the zoning code updates. Prohibit public hearings and/or require administrative approval processes for residential development projects that meet certain density and affordability criteria in State Strategies Level 1 and Level 2 areas and explore alternative methods of gathering public input that are more equitable. 	<ul style="list-style-type: none"> Develop a statewide accelerator program for residential projects that meet certain density and affordability criteria. Program includes, but is not limited to: <ul style="list-style-type: none"> Expedited reviews/permits, fee reductions, and/or waivers Assistance with financing and grants Study and identify where the actual bottlenecks are in the process, to address misconceptions. Create more incentives to promote infill development and redevelopment in State Strategies Level 1 and 2 areas. State and local transfer taxes: Increase for single-family homes above certain price points and/or purchased as second homes. And proportionately reduce for housing units that meet density and affordability criteria. Provide additional incentives within The Delaware Department of Transportation's (DelDOT's) approval and review process that moves affordable housing projects to the front of the line for approval.
<p>Local</p>	<ul style="list-style-type: none"> Update zoning codes to allow greater density and/or multi-family homes by-right in State Strategies Level 1 and 2 areas. Reduce minimum lot sizes and/or setbacks. Reduce or eliminate parking minimums. 	<ul style="list-style-type: none"> Adopt expedited reviews/permits, and fee reductions, and/or waivers for residential projects that meet certain density and affordability criteria.

	<ul style="list-style-type: none"> • Ensure that structures intended to be primarily for multi-family uses are designated as residential buildings instead of commercial buildings. • Adopt 2024 International Energy Conservation Code (IECC) building code standards as soon as possible. • Allow residential conversions of vacant or partially vacant retail or office sites. • Adopt or increase vacant building fees. • Adopt or amend Accessory Dwelling Unit (ADU) ordinances, based on examples from recent policy changes pursued in other Delaware jurisdictions, such as Kent County or New Castle County. 	<ul style="list-style-type: none"> • Provide local incentives for redevelopment and favor infill development over greenfield development. • Adopt tax credits for owner-occupied properties that provide Accessory Dwelling Units (ADUs) for residents that meet certain age and/or income criteria. • Work with state agencies to master plan areas and produce shovel-ready sites to minimize developers' risk in building homes that meet certain density and affordability criteria.
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