

[County promoting effort to provide affordable homes for low-income residents](#)

Jo Ann Zorb and Mary Ellen Gray examine the interior of a home on Gunning Bedford Drive, Rodney Village. The markings on the wall and ceiling are from soot from the prior occupants using a kerosene heater. The house will undergo a major renovation under the Neighborhood Stabilization Program

By Jeff Brown, News Editor

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Dover, Del. — Using its portion of a multi-million federal grant, Kent County officials are working a new program to provide affordable housing for low-income families. The Neighborhood Stabilization Program already has succeeded in buying eight homes in the county and has contracted for three more, said Mary Ellen Gray, assistant director of planning for the county.

Working in tandem with the Delaware State Housing Authority and the Diamond State Community Land Trust, Gray said the program has tapped its \$2.5 million share of the grant to buy, renovate and then sell these homes in a way that people who normally would not qualify for conventional mortgages due to their income would have an opportunity to own a house.

The program buys down the cost of the home by selling only the home itself, Gray said. The land the building sits upon, which under most circumstances accounts for approximately one-fifth of the price of a home sale, is deeded to Diamond State, which holds it in trust. The new homeowners lease the land for an additional \$40 a month.

“Our goal is not only to use that money efficiently, but to create a permanent inventory of affordable homes,” said Jo Ann Zorb, homeownership program manager for the trust.

The program targets areas struggling with high home mortgage foreclosure rates in an effort to reverse neighborhood blight and the decline in housing values.

Persons eligible for the program must earn 120% or less than the median income for the area.

In Kent County, there are seven areas, identified by ZIP code: Camden/Wyoming (19934), Clayton (19938), Dover (19904), Harrington (19952), Magnolia (19962), Milford (19963) and Smyrna (19977).

The county works in tandem with the city of Dover, which has its own neighborhood stabilization program.

The program got underway at the direction of Levy Court commissioners in 2008, soon after the federal program was initiated.

“It was felt that Kent County was experiencing foreclosures with the anticipation that they would increase,” Gray said. “The commissioners felt that with the money available, we should apply.”

To find likely homes for the stabilization program, Gray, Zorb and Kent County Housing and Community Development Supervisor Albert Biddle scan real estate foreclosure listings in the targeted ZIP codes. They make a purchase offer to whatever bank or institutions that own the prospective property and if the offer is accepted, they follow up with additional inspections. Settlement between the bank and the land trust follows.

Work then begins on fixing up the property, which can range from cosmetic touchups to major renovations.

“We get homes in a variety of conditions,” Biddle said. “Some don’t need much more than paint and flooring. Others need significant repairs, anything you can think of.”

Properties obtained in the county so far range from ranch homes to a townhouse to a 100-year-old Colonial-style home.

Numerous sources refer prospective homebuyers to the program through advertising, real estate counselors and foreclosure workshops. If they meet the basic income requirements and are accepted into the program, they must agree to eight hours of financial counseling and must be approved by a lender for a conventional mortgage that will cover the NSP-determined price of their future home.

Although Delaware’s program is in its infancy, nationwide statistics from states that have used a land trust system to promote affordable housing are encouraging. Approximately 70% of families starting out in these types of homes tend to move up to conventional housing, making their former home available to other low-income families. As the land trust companies are nonprofits, money from the sale of the properties is channeled back into the program, helping to extend the original funding.

Statistics released in April by the National Community Land Trust Network show conventional homeowners were eight times more likely to be in foreclosure than land trust homeowners. According to the Mortgage Bankers Association, 4.6% of market-rate mortgages are in the foreclosure process, compared to 0.6% of land trust mortgages.

With the 11 homes now in the program, Zorb, Biddle and Gray are looking to expand the program to even more houses and families.

“We’re looking to bridge the gap between renting a home and full home ownership,” Zorb said.

To inquire about the program, call Mary Ellen Gray at 744-2466, or Jo Ann Zorb at 800-282-0477.