

The Changing Face of Homelessness in New Castle County, DE

Introduction

The first dozen years of the 21st century have already radically altered American Society. The attacks of 9-11 robbed Americans of their sense of invulnerability from the senseless violence that terrorizes the rest of humanity. In retaliation for this violation, our nation asked its young men and women to wage two of the longest and most expensive wars in our history. For the sake of homeland security, Americans have consented to a curtailment of their civil liberties and an unprecedented level of domestic government surveillance. As the Baby Boomers begin to retire, their young, well educated, tech-savvy grandchildren are rushing onto a very different stage that continues to be transformed before our eyes. However one feels about these developments, every aspect of one's political, environmental, economic and social life is now global in nature. Things happening across the world determine everything from the weather to the cost of a gallon of gas.

The Great Recession of 2007 has been part of that global impact on our daily lives. It not only devastated investment wealth, the housing market and the manufacturing jobs that fueled the middle class; it also redefined where we live and how we work. In addition, this recession has led to political gridlock in Washington and a stagnant economic recovery.

Not surprisingly, such times of economic hardship and social upheaval produce new patterns of displacement. Americans who never imagined that they could become homeless are finding themselves and their loved ones at risk of losing everything. One has only to examine the housing, employment and demographic statistics shown below to understand what is fueling this new wave of homeless people in Delaware. The first step to a new recovery strategy for these people and the agencies like Friendship House that wish to empower them is a dispassionate examination of the new playing field.

Part I: A Look at the Facts

A. Housing Facts

Definition of Affordable Housing: Housing is considered “affordable” when a household pays no more than 30% of its total income for housing costs (rent or mortgage payment, insurance, taxes, and utilities).

Definition of The Affordable Housing Wage: The hourly wage a householder must earn for one's housing expenses to total no more than 30% of one's total income.

Rental Housing Costs in New Castle County¹

Two Bedroom Apartment	
Fair market rent for 2 bedroom apartment (including utilities)	\$1,119
Annual household income needed to afford a 2 bedroom apartment	\$44,863
Affordable housing wage for a 2 bedroom apartment	\$21.52 per hr
Efficiency Apartment	
Fair Market Rent for an efficiency apartment (including utilities)	\$834
Annual household income needed to afford an efficiency apartment	\$30,028
Affordable housing wage for an efficiency apartment	\$14.44 pr hr

1. Of the 94,000 rental households in Delaware, 26,700 pay more than 50% of their monthly income for housing.²
2. 61% of all Delaware renters cannot afford a two bedroom apartment in the county in which they live.³
3. A single adult, earning the minimum wage, must work 115 hours a week to pay no more than 30% of his or her income for an efficiency apartment.
4. Two adults, living together, each earning the minimum wage, must work a combined 154 hours per week to afford a two bedroom apartment.

B. Employment Facts

Unemployment Rate⁴

Region	May, 2012	May, 2013	Change
United States	8.4%	7.6%	-.8%
Delaware	7.2%	7.4%	+.2%

¹ “Who Can Afford to Live in Delaware 2013?”, Delaware Housing Coalition Annual Report, Executive Summary

² Ibid. Executive Summary

³ Ibid. Executive Summary

⁴ Bureau of Labor Statistics, <http://www.bls.gov/home.htm>

New Castle County	6.7 %	7.0%	+.3%
City of Wilmington	7.1%	7/2%	+.1%

Top Ten Occupations in Delaware in the Last Ten Years⁵

	Median Wage	Wage Category
Cashier	\$9.18 per hr	Low
Retail Sales	\$9.77 per hr	Low
Registered Nurses	\$33.62 per hr	High
Waiters/Waitresses	\$9.62 per hr	Low
Fast Food Workers	\$8.57 per hr	Low
Customer Service Reps	\$16.42 per hr	Average
Office Clerks General	\$12.91 per hr	Low
Laborers, Freight/Stock Handlers, Movers	\$10.65 per hr	Low
Janitors, Cleaners, Housekeepers, etc.	\$12.94 per hr	Low
Meat, Poultry, Fish Cutters, Trimmers	\$10.75 per hr	Low

1. The median hourly wage for New Castle County workers is \$19.32 per hour (\$40,200 per yr). The median hourly wage for the City of Wilmington is \$18.45 per hour (\$38,400 per yr). The average Affordable Housing Hourly Wage is \$20.63 per. Hr (\$42,900).⁶
2. A worker, earning the minimum wage (\$7.25 p.hr) and working 40 hours per week, grosses \$290 per week, netting \$263 after deductions for FICA, Medicare and City of Wilmington Wage Tax. Presuming that the worker is neither laid off nor sees his/her hours cut, this computes to a gross annual wage of \$15,000.
3. Of the top ten job growth areas in Delaware, eight are in the low wage category (\$29,300 or less per year).⁷
5. One in nine employed worker are settling for part-time jobs when they really need and want

⁵ “Who Can Afford to Live in Delaware 2013” pg. 11

⁶ Ibid. pg 11

⁷ Ibid. pg. 11

full-time employment. ⁸

C. Demographic Facts⁹

	New Castle County	Delaware
Total Population	546,100	917,100
Total Children	125,600	207,000
Children (under 5 yrs old)	6.1%	6.1%
Young People (5 – 18)	23%	22.5%
Persons 65 and older	12.5%	14.7%
Female	51%	51%
Male	49%	49%
White	61%	65%
Black	26%	24%
Hispanic	9%	8%
Asian	5%	3%
Native American	.5%	1%
Recent Immigrant	10%	8.3%
Persons in Poverty	11%	11%
Children in Poverty	Data not available	16.5%
Children in Foster Care	361	700
% of Aged-Out Foster Care Children That Become Homeless	Data not available	22%

⁸ Bureau of Labor Statistics, <http://www.bls.gov/home.htm>

⁹ <http://quickfacts.census.gov/qfd/states/10/10003.html>

Friendship House Homeless Statistics:

	Men	Women
Number of New Homeless Day Center clients in last 5 years	6,300	5,700
% of Day Center clients under the age of 30	18%	25%
% of Day Center clients ages of 30 - 50	40%	47%
% of Day Center clients ages 50 - 65	29%	24%
% of Day Center clients over the age of 65	13%	4%
Number of New Transitional Housing Residents in last 5 years	282	170
% of FH Housing Residents under the age of 30	30%	42%
% of FH Housing Residents ages 30 - 50	65%	54%
% of FH Housing Resident over 50	6%	4%

1. The Hispanic population of the USA is growing at twice the national birth rate.
2. Younger Delawareans are more racially and culturally diverse with very different attitudes about:
 - Work-life balance
 - Social institutions like marriage, family and church
 - Role of technology in their daily lives (smart phones, internet, social networking, online banking, etc.)
3. As Baby Boomers become eligible of Social Security, Medicare and senior citizen housing, the number of elderly homeless clients is expected to decrease while the number of homeless clients under the age of 30 is expected to accelerate.

Part II: Impact on the People of New Castle County

A. Housing

1. In the last ten years, 36,200 Delaware households have lost their homes to foreclosure.

¹⁰Many more have sold their homes and moved into rental housing. Even though the number of houses “underwater” is on its way down, one of ten (10%) Delaware homeowners with mortgages owe more than their house is worth. Since 2007, the housing market has remained depressed despite record low mortgage rates. As a result, the demand for and cost of rental housing has steadily risen. Delaware is tenth highest state in cost of rental housing.

2. Even as housing and energy costs have risen, most people’s income and savings have decreased.

3. While there has only been a 2% drop in the real median household income in Delaware (from \$60,483 in 2005 to \$58,814 in 2012), the number of households living below the poverty rate has risen 12% during the same period.¹¹

4. While all Americans lost trillions of dollars of household wealth during the Recession of 2007, the impact on minorities was more severe. By 2010, while whites on average had two times the income of blacks or Hispanics, they possessed six times the wealth.¹²

B. Employment

1. The labor market has also realigned itself during the last six years. Not only have good-paying manufacturing jobs been lost throughout the state, but full-time employment in general has seen a steady decline. To avoid the cost of employee benefits, many employers have switched to independent contractors, seasonal laborers and part-time employees to meet their workforce needs. Job security is a thing of the past. To make ends meet, people work two or three part-time jobs, knowing that they can be laid off at a moment’s notice. An increasing number of workers are employed in long-term assignments through temporary employment agencies. Even full-time employees work “scared” – never knowing if their positions will be the next to be eliminated or outsourced.

Part III: Changes in the Pattern of Homelessness in New Castle County

A. Loss of the Invisible Shelter Network: For years, middle class households relied on their extended families whenever they found themselves in need of shelter. The young adults in crisis could always seek sanctuary at the home of their grandparents or an elderly aunt. Even if it meant breaking up the family, moms and kids could usually stay with relatives who couldn’t bear to have their children or grandchildren living in a homeless shelter. The housing crash of 2007 devastated this invisible shelter network. Many of these host families became homeless themselves. Others gave up their home to move into rental apartments or senior citizen housing. The next time their suburban relatives lost their places, they were forced to join the ranks of the very poor and rely on the public shelters.

B. Exponential Increase in Newly Homeless Clients: Since 2007, the Friendship House Daytime Empowerment Centers have seen 12,000 new clients. Of these, 85% were Delaware

¹⁰ “Who Can Afford to Live in Delaware 2013, pg. 8

¹¹ <http://quickfacts.census.gov/qfd/states/10/10003.html>

¹² <http://money.cnn.com/2012/06/21/news/economy/wealth-gap-race/index.htm>

residents; 70% were experiencing the reality or the risk of homelessness for the first time in their adult lives. A full 15% of these new clients were at-risk homeowners struggling with rising housing costs and stagnant or diminished income.

C. Rise of New Minorities Among the Homeless: While the majority of Friendship House homeless clients continue to be Caucasian or African American, there are a significant number of other minority clients with different social and cultural backgrounds. Friendship House has seen more African and Asian homeless clients in the last two years than in the first twenty years of its existence. A rising number of clients do not speak English. Friendship House is also serving more openly gay and trans-gender clients.

D. Homeless Clients Will Get Younger: Of the 125,000,000 Americans between the ages of eighteen and fifty, 70,000,000 are under the age of thirty. Fueled by immigration and a higher birth rate, racial and ethnic minorities outnumber whites among this Millennial Generation. Unlike their parents and grandparents, this generation has not been able to translate higher education into better paying jobs. Unemployment among teenagers is higher than 25%. Over the last five years, 50% of all college students were not able to find full-time jobs within twelve months of their graduation.

E. Relative Inexperience of New Homeless Clients: For the working poor who have been struggling with hard times all their lives, the current crisis is nothing new. They have never had “enough;” they have always been on the outside looking in. However, for middle class families experiencing homelessness for the first time, everything is overwhelming and unreal. Housed families in crisis worsen their situations by clinging to the false hope that things will eventually return to normal on their own. In the process, they overextend their credit, burn their bridges with their support network and fail to develop a realistic recovery strategy. In the end, they lose everything – squandering their limited economic capital, exhausting their social resources and damaging their physical and emotional health. Even those newly homeless families that seek help in a timely manner are “babes in the woods” – embarrassed and unsure of where to go for help.

F. More Church Members In Need: An increasing number of newly homeless and at-risk households are either members or relatives of members of faith communities. These clients form two groups: (1) active church members that are themselves in financial need or (2) church members trying to assist a sibling, child or grandchild in need. Normally these “in house” clients go directly to their minister for help. Because such people are usually embarrassed and want no one in the church to know about their situation, their pastors are left with the conflicting roles of pastoral counselor, loan officer and social worker. Usually Friendship House doesn’t get called in to do an intervention until the pastor has already used thousands of dollar out of his/her discretionary fund in failed rescue attempts that had no realistic hope of resolving the issue.

G. No Sure Cure or Quick Fix: Ten years ago, there was a strategic recovery path for most homeless individuals and families. If they had the courage to face their issues, the humility to get professional help and the perseverance to work their program to its completion, they would make it. While they would not be rich, they would break the cycle of poverty for themselves and their children. With a tight budget, they could afford a decent apartment. With a good work ethic, they would find and keep a full-time job with benefits. With the support of a community of like-minded friends, they would accumulate the social capital needed to face future crises.

In the current economic environment, that is no longer true. People can work hard, budget their money, work their program, do everything right and still find themselves one stumble away from losing everything. No matter how good their job performance, their part-time job will never become full-time. No matter how carefully they budget their income, good landlords are reluctant to rent to people that will be forced to pay 50 – 75% of their net pay on the rent and utilities.

Part III: Strategic Response Options for Friendship House

A. Long-term Covenants: Both recovering homeless households and the ministries that support them must be prepared to commit to long-term, multi-stage relationships. Clients seeking financial assistance must recognize that a one-time gift or the loan of a couple hundred dollars is not the answer. Financial support must be linked to their willingness to confront their problems in a strategic, holistic manner. Both sides need to put more “skin in the game.”

B. Financial Assistance Process for Church Members: With more church members and their relatives themselves in financial need, the governing bodies of these faith communities need to create a formal application process that is confidential, accountable and not administered by the pastoral team. This will (1) allow the pastors to be pastors, (2) enable a frank and open discussion about the reality of members in financial need, and (3) establish access to professional counseling that is confidential and external from the church community. FH already performs these services for non-members seeking financial assistance from affiliated churches. Creating a formal process to work with members in the same situation would not be difficult.

C. Tighter Focus on One’s Core Mission: As most homeless ministries are also facing diminishing resources, they need to focus on their core mission to meet the challenges of a changing world. This will probably involve a choice between investing more resources on strategic programs that serve a small number of more dedicated clients or helping an rapidly growing client population with smaller, relatively inexpensive survival needs.

D. Greater Generation and Cultural Diversity within FH: Cultural and sensitivity training for Friendship House staff and volunteers would help them better relate to non-typical clients. Adapting Friendship House programs to better serve the needs of homeless clients under the age of 30 is another priority. Development of referral resources for clients with different ethnic or social backgrounds is a third area of need.