Delaware should be a state where every child lives in a financially secure home. To help children grow into prepared, productive adults, parents need well-paying jobs, affordable housing and the ability to invest in their children’s future. However, throughout our country’s history, policies and practices have helped move some families along the path to economic security while putting up roadblocks for others. Practices such as redlining in the housing market, employment discrimination and inequitable criminal justice policies have created circumstances in which children of color are more likely to experience poverty than their white peers.
Policy formulated in the early 1980s shaped the creation of a subprime mortgage lending industry two decades later. Specifically, federal legislation passed which effectively prohibited states from limiting mortgage interest rates. Shortly thereafter, additional federal legislation made it possible for lenders to offer alternatives – like interest only loans – to the traditional 30-year, fixed rate loan.

The subprime mortgage industry grew by making loans to borrowers who could not afford them. Housing prices increased for over a decade. However, the inflation was unsustainable, leading to America's great recession which officially lasted from December 2007 to June 2009.

The recession resulted in a significant rise in Delaware’s mortgage foreclosure rate, which peaked in 2010. Tightened restrictions on mortgage lending and programming to mediate foreclosures were adopted. Even so, as recently as 2017, nearly one in 3 Delaware children (approximately 60,000 kids) lived in households that were housing cost-burdened, defined as spending more than 30 percent of income on housing expenses.

Why Does it Matter?

Housing is typically one of the largest family expenses. High housing costs weigh more heavily on low-income families, who are more likely to struggle with finding affordable housing, often spending more than 30 percent of pretax income on a home, whether they rent or own. Paying too much for housing limits the resources families have for other necessities such as early care and education, food, health care and transportation, as well as their ability to save and achieve financial stability.

No child should ever have to wonder where they'll be sleeping tonight –
ECONOMIC SECURITY
25 Years of Delaware Data: Home Ownership

or if he will have a safe, warm place to sleep at all. Unstable housing circumstances can have troubling impacts on several different dimensions of child well-being. Many families experiencing housing hardship end up sharing housing with other families (often referred to as doubling- or tripling-up). While families who are doubled-up may have a roof over their head, crowded housing situations can be chaotic, leaving children without a safe and quiet space to read, color or do homework. Research shows that kids who live in these overcrowded settings have poorer levels of academic achievement and are at higher risk for behavioral problems. Health problems can also arise from living in poor-quality housing. Studies have attributed the higher prevalence of asthma among children in low-income families to their higher likelihood of living in substandard housing. Children who are without shelter entirely face significant stress and instability that can impede their development and hinder their ability to succeed in school.

Next Steps
Housing is foundational to kids’ well-being. As rents and home prices in many communities continue to rise, our state must explore solutions for ensuring every child has a safe and stable place to call home. ◆

HOME OWNERSHIP TIMELINE

Housing Act
The National Housing Act of 1934 establishes the Federal Housing Administration

1934
1960s
1980s
2006
2011
next

Redlining
The term “redlining” is coined to describe the discriminatory practice of identifying areas where banks would avoid investments based on community demographics

MONETARY ACT
Congress paves the way for the creation of the subprime lending industry with the Depository Institutions Deregulations and Monetary Control Act of 1980 which effectively bars states from limiting mortgage interest rates and the Alternative Mortgage Transaction Parity Act in 1982 which made it possible for lenders to offer alternatives – to the traditional 30-year, fixed rate loan.

HOME PRICES
Home prices fall for the first time in 11 years, resulting in a significant rise in foreclosures and collapse of many lending institutions and hedge funds due to borrowers who had been approved for loans they could not afford

MEDIATION
The Delaware Automatic Residential Mortgage Foreclosure Mediation Program is created in response to the state’s foreclosure crisis

ACCESS
Ensure equal access to housing for persons with protected characteristics, lower-incomes and homelessness
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The photographs in this data snapshot do not necessarily represent the situations described.

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