

Home Sweet Home Loan Program

Delaware State Housing Authority
Homeownership: Empowering New Buyers

HFA Staff Contact

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Category: Homeownership
Subcategory: Empowering New Buyers



SUMMARY/ENTRY DESCRIPTION

After receiving a one-time allocation of state funding from the Governor, the Delaware State Housing Authority created the Home Sweet Home Loan Program to provide a unique opportunity to assist a subset of residents who likely could not access homeownership in the current market due to the astronomical rise in home values, the substantial increase in mortgage rates, and the lasting impacts of the COVID-19 pandemic. This program offers a \$12,000 second mortgage loan with 0% interest for downpayment and closing cost assistance for new homebuyers to purchase a home under \$285,000. The loan is completely forgiven over ten years, provided the property remains the borrower(s) primary residence.

CONTEXT

The Delaware State Housing Authority (DSHA) serves as the state's housing finance agency, with the power to:

- make loans and grants to both for-profit and non-profit housing sponsors;
- to make loans to mortgage lenders, and require that they use the proceeds to make new residential mortgage loans;
- to apply for and receive subsidies from the federal government and other sources;
- and to issue its own bonds and notes.

A DSHA mortgage (30-year fixed-rate loan) offers interest rates at or below the standard market rate, making it an attractive option for qualified buyers. Additionally, DSHA provides down payment and closing cost assistance, along with the First Time Homebuyer Tax Credit, further enhancing the affordability of homeownership.

However, a recent housing needs assessment completed by DSHA found that since 2010, the homeownership rate has dropped for all age cohorts except seniors, with the most significant decline among ages 35 to 44, where the rate dropped from 71%. The report also highlighted that government-backed mortgages are essential for many non-White households to attain homeownership: 58% of Black households and 41% of Hispanic households utilized government-backed mortgages.

During the pandemic, DSHA found itself in a unique position. The Department of the Treasury has made available more than \$350 billion in SLFRF, a part of the ARPA, to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. This influx of funding allowed the agency to provide emergency assistance to renters and homeowners, create and preserve affordable housing as well as invest in increasing access to homeownership for low—to moderate-income individuals and families.

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Capitalizing on the moment, DSHA allocated \$5 million of this once-in-a-generation funding allocation to create a suite of homeownership programs, one of which being the Home Sweet Home Loan Program.

SUMMARY OF PROGRAM

The Home Sweet Home Loan Program is designed to make homeownership more accessible to low-to-moderate-income Delaware families and individuals. The program, coupled with a 30-year, low-interest DSHA mortgage, provides new homebuyers with a \$12,000 second mortgage loan with 0% interest to be used for downpayment and closing cost assistance. Through DSHA's long history of supporting homeownership, the agency has found that securing the upfront cost to purchase a home remains one of the most significant barriers for low-to-moderate-income families.

The Home Sweet Home Loan Program amount of \$12,000 was chosen because it was just over four percent of the program's maximum sales price limit of \$285,000. As a result, the assistance directly reduces the financial burden on homebuyers and makes homeownership achievable for individuals and families who might otherwise be priced out of the market.

The Home Sweet Home Loan Program offers another unique benefit. The loan is completely forgiven over ten years, provided the property remains the borrower(s) primary residence. If the borrower does not reside in the home for the entire one-year period, then the remaining balance, based on the year of the move, is recaptured. For instance, if the homeowner lives in the home for five years and decides to sell, \$7,000 will be returned to DSHA.

The 10-year requirement incentivizes long-term residency, fostering community stability in various communities throughout Delaware. If DSHA receives returned funds, they are put back into circulation for future new homebuyers.

PARTNERSHIPS

Throughout the years, DSHA has developed an extensive network of mortgage lender partners and realtors. These stakeholders help educate new homebuyers, promote the agency's products, and engage with DSHA via digital and in-person channels. DSHA deeply values the role of our mortgage lender partners and realtors.

The agency recognized their collaboration would be crucial in making the Home Sweet Home Loan Program successful. DSHA held a launch event for the program and invited all partners to attend, ask questions, and collect marketing materials to share with their clients. In the days following this event, this group raised concerns regarding the available housing stock inventory under \$285,000. DSHA set this program maximum to ensure the program is tailored to affordable housing options, meeting the needs of moderate- to lower-income

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families in Delaware. This criterion can easily be adapted to fit different areas or states' economic and housing market conditions.

Together with these partners, DSHA reviewed market research data and identified properties that met Home Sweet Home's eligibility criteria. Many of these units were located in and around the state's cities and towns, and partners used this information to serve new homebuyers better.

After our lender partners submitted each program application, demographic and housing unit data were analyzed and evaluated to ensure the program was impacting its intended audience.

RESULTS & BENEFITS

During the pandemic, the number of families DSHA has assisted in this sales price range has decreased. However, the funding infusion and the success of the Home Sweet Home Loan Program have given new life to the agency's homeownership initiatives.

Since its inception in June 2023, the Home Sweet Home Loan Program has made significant strides. DSHA has facilitated homeownership for over 305 families, with a total home sales value of \$69,162,016.00 in just 12 short weeks.

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VISUAL AIDS

PROGRAM FLYER

This is a two-page program flyer. The left page features a large image of a white house with a porch, overlaid with a pink graphic of a woman's lips. The title "KISS YOUR LANDLORD GOODBYE!" is in large, bold, pink letters. Below the title are sections for "First Mortgages" and "Down Payment Assistance Programs". The right page shows a group of people holding "I JUST KISSED MY LANDLORD GOODBYE" signs, with a title "DSHA'S DELAWARE DIAMONDS ELIGIBLE OCCUPATION LIST" above them. It lists categories for Delaware State Employees, Educators, Medical Personnel, First Responders, and Military Personnel, each with a brief description and requirements. At the bottom are contact details: a QR code, the website "KissYourLandlordGoodbye.com", the phone number "888-363-8808", and the DSHA logo.

This is a continuation of the program flyer. It features a large image of a group of people holding "I JUST KISSED MY LANDLORD GOODBYE" signs. The title "DSHA'S DELAWARE DIAMONDS ELIGIBLE OCCUPATION LIST" is at the top. Below it are sections for "DELAWARE STATE EMPLOYEES", "EDUCATORS", "MEDICAL PERSONNEL", "FIRST RESPONDERS", and "MILITARY PERSONNEL", each with a brief description and requirements. At the bottom are contact details: a QR code, the website "KissYourLandlordGoodbye.com", the phone number "888-363-8808", and the DSHA logo.

SOCIAL MEDIA POSTS

This is a vertical social media post. It features the DSHA logo at the top with the text "Delaware State Housing Authority" and "Providing quality, affordable housing opportunities". Below this is a large blue box with the text "DID YOU KNOW?". To the right is a photograph of a wooden staircase. The bottom section contains text about the "Home Purchase Rehab Program" and "Home Sweet Home" loan programs, mentioning up to \$35,000 in rehab and \$12,000 in down payment and closing assistance. It also includes a note about restrictions and contact information.

This is a vertical social media post. It features the "KISS YOUR LANDLORD GOODBYE" logo at the top. Below it is a large blue house-shaped graphic with the text "Home Sweet Home" inside. A hand is holding the bottom of the house. To the right is a column of text about the "Home Sweet Home Offers", including "\$12,000 in down payment and closing costs assistance", "*Zero Interest Loan forgivable after 10 years!!", "Max. home sale price \$285,000", and "Contact us at (302) 739-4263 for more information". At the bottom is a note about restrictions.

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SUCCESS STORY - DEMETRIUS HINES

A long-held aspiration, security, and stability achieved for this renter turned homeowner thanks to DSHA and partners! After renting for 12 years, Mr. Hines reached the milestone of purchasing his first home, a dream he never thought would come true.

How did he do it? Demetrius Hines was able to pair DSHA's Home Sweet Home program of \$12,000 with a WSFS Bank program of \$10,000 for his down payment and closing costs. Mr. Hines only needed to bring \$1,334 to the settlement table for a \$265,000 home!



Mr. Hine's Realtor, Theresa Ferenbach, stated: "It's incredible to see how DSHA is making homeownership more accessible and affordable for first-time homebuyers! Feeling grateful to be a part of such a meaningful journey of changing lives!"

Special thanks to Theresa Ferenbach Real Estate, Loan Officer David Brown from WSFS Bank, Ward & Taylor, LLC, and Listing Agent Potter Realtors for your help!

SUCCESS STORY – GRACE SCALES

Meet Grace Scales! Ms. Scales, a repeat homebuyer, purchased her new primary residence in Wilmington using DSHA's Home Sweet Home Loan.

A big thank you and shout out to Loan Officer Mary Ann Cronin - WSFS Mortgage at WSFS Bank, Realtor Charles Potter Jr. at Potter Realtors, and Longo & Associates, LLP for helping this homebuyer!

Ms. Scales is one of 136 Delawareans who achieved homeownership through the \$5 million allocation from Governor John Carney to DSHA to create the Home Sweet Home Loan and Delaware Diamonds Home Loan.



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HOME SWEET HOME LOAN PROGRAM INFOGRAPHIC

MEET DSHA'S HOME SWEET HOME LOAN PROGRAM PARTICPANTS



Average Household Income:
\$72,867



Average Purchase Price:
\$227,034



Average Interest Rate
Received Through DSHA:
6.5%

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HOME SWEET HOME LOAN PROGRAM IMPACT MAP

