

Public Employees Priced Out of Beach

Rachael Jackson, *The News Journal* (Wilmington, Del.)

June 10, 2007

Liz Moye came to Delaware eager to build a career as a paramedic and buy her first home -- something simple, maybe a rancher with a big kitchen.

She didn't realize that in Sussex County those dreams would be mutually exclusive.

"I know I'm not going to have an oceanfront property," she said. But even when adding the salary of her boyfriend, a firefighter, "there's nothing that's even close to our price range."

Moye, 24, has considered looking as far as an hour away to buy a cheaper house. But then there's escalating gas prices to think about. Instead, she's spent two years renting a town house near Bethany Beach and flipping through ads for real estate she can't afford.

"Here's a new house for \$700,000," she says. She's thinking more like \$200,000. Moye is among thousands of public employees priced out of living in the communities they serve.

As retirees and second-home owners plunk down \$1 million or more for new homes, the backbones of their communities -- nurses, teachers and emergency workers like Moye -- face a tough decision: They can rent, buy homes far away, move into mobile homes or simply pick up and leave.

Resort communities from the Florida Keys to Hawaii have suffered similar problems, as have a handful of big cities and their swanky suburbs.

But Sussex County had been able to balance the popularity and price of its beachfront communities with more affordable homes in developments off the beach. Not anymore.

Since 2000, median family incomes have gone up about 17 percent in Sussex County, according to data from the U.S. Department of Housing and Urban Development. Housing prices, on the other hand, have nearly doubled, according to the Sussex County Association of Realtors. The average home sale price across the county was \$406,254 in 2006 and more than \$1 million in the two most expensive districts in the county. By comparison, the average home sale price was \$257,181 in New Castle County and \$240,441 in Kent County.

And the problem isn't restricted to beach towns. Development has crept farther west, sprinkling expensive homes onto old farm fields. Today, even 30 miles from

the beaches, a single person making the county's 2005 average wage of \$30,700 is hard pressed to find a decent home at an affordable price.

It has created problems for nearly every facet of society.

Beebe Medical Center in Lewes has trouble recruiting specialized workers such as radiation therapists. Teachers have reneged on their contracts at Cape Henlopen School District after seeing home prices. Bethany Beach Fire Company had to start offering free year-round housing to its volunteers. Thousands of more people are commuting longer distances, clogging roads. Even the police chief of Rehoboth Beach says he can't afford to live in the town he's charged with protecting.

Following the lead of other counties across the country, Sussex officials recently enacted ordinances to push more developers to build affordable homes. The effect of that ordinance is yet to be felt, but in other jurisdictions similar efforts have fallen short. Montgomery County, Md., for years has encouraged developers to include moderately priced homes in new subdivisions. But a recent study found most firefighters and police officers still commute from other areas.

"What we're finding more and more, and in particular in the top metro areas, as well as in the resort areas, is that it's almost impossible for working families in many parts of this country now to find affordable housing," said Kathryn Murray St. John, spokeswoman for Homes for Working Families, an advocacy group that formed in 2005.

"We're calling it the affordability gap, which is basically the result of the crushing combination of both high home costs and lagging income," she said, adding that it can have serious consequences for an area's economic development and for its emergency response time.

Hard to keep people

Stephanie Callaway, a paramedic who works with Moye, got in before the boom. She and her husband built a two-story Cape Cod home eight years ago on the outskirts of Lewes. She couldn't afford it today. In 2006 the average sale price for a home in the Lewes, Rehoboth Beach and Dewey Beach area was nearly \$1.2 million, according to the Sussex County Association of Realtors, meaning a family would have to earn more than \$300,000 to afford it. Sussex County paramedics start at \$36,300.

"We're looking for long-timers here," Callaway said. But it's hard to convince people to stay forever if their housing options are limited, she said.

It's not just paramedics. Teachers, nurses, even physicians fresh out of medical school want to know what the housing market is like before they accept a job in Sussex County.

"When I go out recruiting, that is usually the first or second question asked, 'What's the housing like in your area?' " said Gary Annett, personnel director at Milford School District.

Alfred Best, personnel director for Cape Henlopen School District, which encompasses beach communities, said about half a dozen teachers have reneged on contracts after finding out how expensive housing is. Often, he said, he refers new hires to more affordable homes in other districts.

But even far from the beaches, housing prices are causing teachers to leave. At Woodbridge, a district closer to Denton, Md., than to the resort beaches, Superintendent Kevin Carson said it's a problem because the teachers take their institutional knowledge with them. "What happens is it creates a turnover situation for you in positions. That turnover detracts from the quality of instruction that occurs."

Employers, particularly those in education and law enforcement, prefer their workers live nearby. They can participate in more after-school activities, they're more likely to volunteer, and they get more face time with the community, whether it's a teacher running into a parent at a grocery store or a police officer waving to his neighbors when he picks up the morning paper.

It's been an issue in other parts of the state. Wilmington enacted a provision that forces municipal employees to live within city limits for five years after they are hired.

"You're not as invested in law enforcement" when you live outside of the area, said Rehoboth Beach Police Chief Keith Banks, who lives in a development outside Lewes because he can't afford a home in Rehoboth Beach.

Katie Halen, vice president of Human Resources at Beebe Medical Center, said it's particularly difficult to recruit candidates from rural areas. The hospital often struggles to find specialists such as radiation therapists or ultrasound technicians.

"When we have somebody who lives in central Pennsylvania or Maine or other rural areas in the South, they have sticker shock when they see the prices," she said.

Fire response times lengthen

The problem has trickled down to agencies staffed by volunteers, including most of the fire companies in Delaware.

A few years ago in Bethany Beach, where the average house sells for more than \$1 million, the fire company noticed that it was taking nearly eight minutes to respond to a call. The typical response time is about five minutes, according to the U.S. Fire Administration.

The reason was obvious: The company's volunteers couldn't afford to live in town and couldn't get to the station fast enough when an alarm sounded. Desperate to have volunteers closer, the company created a dorm program that houses firefighters year-round for free. Since it instituted the program a few years ago, volunteers have come from as far as Pennsylvania and Maryland.

"We're out the door in seconds," said Fire Chief Tom Moore.

"In the Bethany Beach area, most of these are second homes or they're rental properties. A lot of people don't understand the volunteer service. They think when they call 911 those people are in the firehouse."

Right now nine volunteer firefighters live in 10-by-12-foot rooms at the Bethany Beach and Fenwick Island firehouses. Life at the dorms isn't much different from college dorms -- firefighters joke around and pull pranks.

For Chris Loeb, 38, the program was a godsend. The 19-year firefighter, who does maintenance work for the beach-side development Sea Colony, was living in a mobile home and the rent on a spot in the park had gotten so out of hand that he could not afford it.

Now Loeb lives rent-free in a room decorated with an award he received for saving someone's life in 2005.

"It's helped me a lot," said Loeb. "I can save money and catch up on past bills." But most public agencies do not have such a program, meaning their workers are faced with a commute.

Halen, of Beebe, said that only 33 percent of the hospital's employees live in the Rehoboth and Lewes ZIP codes. More than 1,000 employees are commuting from outside the towns.

According to the Delaware Department of Transportation, during the nontourist month of January, traffic counts in the county rose 35 percent from 2000 to 2006. Josh Rowley, a South Bethany police officer, lives about 30 miles from work.

During the summer, the commute can take up to two hours. He and his wife, a nursing student, wanted to buy a home that was closer, but it wasn't feasible.

"Even for just a town house," he said, "A \$300,000 town house on a \$30,000 salary isn't going to cut it."

Many locked out

The high price of housing helped lock many poor and working families out of buying real estate, said Jeanine Kleimo, an economist who helped put together a 2007 report titled "Who Can Afford to Live in Delaware?"

She said the oft-cited statistic that Delaware has one of the highest rates of home ownership in the nation does not mean there have been opportunities for those families. That rate is buoyed by a high number of homes owned by wealthy residents who live out of state and the numerous retirees who came to eastern Sussex County.

"It's not an indicator of expanded opportunities for the poor and working families of our state," she said at a Dover event where housing advocates pushed for more funding in May.

Between 2001 and 2003 the state's share of million-dollar homes increased 194 percent, according to Kleimo's report.

There are several programs aimed at getting more low- or moderate-income families into homes, but they are often overburdened.

For example, the Milford Housing Development Corp., through which families put in construction time to help bring down the cost of their homes, gets 400 to 500 applications a year but can only help 10 to 20 households. To qualify for assistance, a single person can make up to \$30,850. A family of six can make up to \$51,150.

The applicants aren't typical of those who seek housing help, said the group's vice president, Russell Huxtable. They are a "carpenter, nurse, editorial assistant, self-employed, state worker in social service, teacher, school secretary," he said.

Sussex County also took up the issue, enacting an ordinance that allows developers to build more homes in a subdivision if they include more affordable homes.

Bridgeville, frustrated by so many young people graduating and leaving town, created a similar moderately priced housing plan that gives first dibs on homes to people with Bridgeville connections.

And in the second half of 2006 the state housing authority closed more than \$132 million in loans through its single-family mortgage revenue bond program.

But the programs reach only a fraction of those in need. Home ownership is still elusive to many, including people like Liz Moye, who makes too much money to qualify for much of the assistance.

And all the talk of the cooling real estate market hasn't done much for her prospects of buying.

"I've noticed stuff on the market longer, but I don't notice price drops," she said. "The baseline house prices are still right out of my price range."