



# City of Wilmington

James M. Baker, Mayor

Louis L. Redding City/County Building  
800 N. French Street  
Wilmington, Delaware 19801-3537

[www.WilmingtonDE.gov](http://www.WilmingtonDE.gov)

February 2, 2011

Anas Ben Addi  
Director  
Delaware State Housing Authority  
18 The Green  
Dover, DE 19901

## **SUBJ: Proposed Use of NSP 3 Funds**

Dear Anas:

Thanks to you and DSHA staff for hosting the meeting on January 24, 2011 regarding the use of NSP 3 funds. As always, Kim Brockenbrough did a nice job of presenting the State's plans in a clear and concise way. I also appreciate her willingness to receive input and feedback.

As such, I must express my concerns both with the State's proposal to limit NSP3 funds to the funding of a statewide buyer-driven homeownership program as well as the structure of the proposal to provide funding towards special needs rental housing. While I believe both proposals have merit, I do not believe they sufficiently allow local jurisdictions to address their particular needs nor do they provide the State with sufficient "bang for its buck".

First, with regard to the buyer-driven homeownership program, I definitely feel it has merit. As part of some revamping of our own NSP efforts that are underway, (we had a large advertisement that ran in the News Journal on January 30<sup>th</sup> that has gotten some very favorable response) the City of Wilmington has planned to roll out in March/April a similar effort. Our initiative will allow any NSP eligible buyer in the City to purchase any NSP eligible property with the support of \$8-10K in NSP funds which could be used for downpayment, closing costs, and or to bring down the acquisition price. We think this demand side approach will complement efforts we already have underway that are more supply side oriented.

Our concerns with the proposed State program for NSP 3 is that 1.) it provides such a huge direct subsidy to buyers (upwards of \$50K) that it could have a significant impact on de-valuing homes; 2.) this scattered approach with all of the funds will negate the ability to have significant "impact" within City neighborhoods; and 3.) it excludes local jurisdictions from making decisions on the use of the funds that may make the most impact. To the latter point, you may be aware that we used NSP admin funds this past Fall to have Dan Kildee of the Center for Community Progress come down to assess the potential for a formal landbanking entity. Mr. Kildee will be coming back in the next couple of weeks to give a formal presentation of his findings to City and New Castle County officials.



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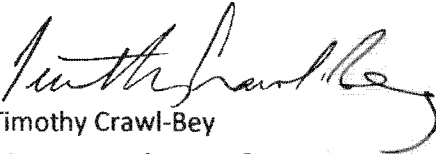
While we are not sure we would want to pursue the creation of a landbanking entity (my understanding is that this would require some approvals by the State legislature) we have been doing some landbanking informally and it is certainly an eligible NSP activity.

The most successful homeownership projects in the City over the past decade have been those where we have been able to aggregate land and properties with the purpose of being able to make significant community impact. This type of experience may be unique to the City and, as such, we would like to see the use of NSP 3 cater more to the needs and desires of the local jurisdictions.

With respect to the State's proposed use of NSP 3 funds for special needs rental housing, I have more of a comment than a concern. It just seems to me that the anticipated production of five homes does not create a lot of value, and there must be a way for production to be much higher. The City of Wilmington is currently working with a developer that should be submitting a low-income tax credit application in April. We are considering the allocation of \$500K in NSP funds towards this mixed-income project. The NSP allocation would result in the development of 10-15 units reserved for low-income households. Giving further consideration as to how this \$1.25M proposed set-aside could be used to leverage additional investment (and the production of a greater number of units) in special need rental housing would be beneficial to us all.

In closing, I thank you for the opportunity to share my concerns. I am more than happy to discuss these items with you in greater detail.

Sincerely,



Timothy Crawl-Bey

Director, Real Estate & Housing

TC/lid

Cc: Susana Casado, NSP Coordinator

Kim Brockenbrough, Director of Planning & Community Develop