

4. Rating Factor 4: Leveraging other funds, or removal of substantial negative effects (10 points)

Leveraging (Can we say more make it stronger? How strong do we want to be on this?)

The sub-recipients of the NSP2 would be jurisdictions already working in NSP1. Through NSP1 each of these jurisdictions pledged a portion of their NSP allocation to our statewide New Market Tax Credits structure to bring additional funds to the communities in need. New Market Tax Credits are a complicated financial mechanism that require close monitoring to ensure that investors get the tax credits and the communities get the benefits of additional investment. We are currently setting up the required structures for accessing and monitoring the NMTCs under NSP1. If awarded NSP2 funds will be invested in these same structures.

By matching the entire request of \$13,425,000 with NMTCs, Delaware could receive an allocation of NMTCs of \$18,500,000 for additional NSP activity in the targeted census tracts. \$18,500,000 in tax credits would bring an additional \$5,200,000 in private equity to stabilize Delaware neighborhoods, increasing the total funds available for NSP2 activities to \$18,545,000, a 38% leveraging effect. This investment would be expected to allow DSHA and the sub recipients assist an additional 46 units, for a total of 185 foreclosed units put back into use and made affordable for low and moderate income households.

DSHA has received a letter from Morgan Stanley New Markets, Inc pledging \$18,500,00 in NMTCs for our NSP2 Activities which is attached as **appendix XX**.

The City of Wilmington Department of Real Estate & Housing has been fortunate to be able to leverage federal resources such as NSP I, CDBG ,and HOME with local resources. The City of Wilmington created a housing strategic fund in 2007 for the specific purpose of leveraging federal housing dollars. This fund has been funded to the tune of \$7.3 million thus far and has already been used in the acquisition of some NSP I properties. Such a strategic use would continue with NSP II. In addition, City capital and general fund dollars have and will used to assist with program administration, acquisition, and property management. The City anticipates that for every NSP II dollar allocated, the City of Wilmington will be able to provide an additional \$.25-\$.30 in funding from non-federal sources. This is in addition to the significant CDBG and HOME resources that would also be targeted to assist NSP II efforts.

b. Removal of Substantial Negative Effects (Use Rubric in Appendix 3)

Not applicable