



Downtown Development Districts (DDD)

Fall Funding Round (FY17)

At A Glance: DDD Grant Program

DDD Round 4

DRAFT

THE DOWNTOWN DEVELOPMENT DISTRICTS ACT

The Downtown Development Districts Act was created to leverage state resources in a limited number of designated areas in Delaware's cities and towns to:

- spur private capital investment in commercial business districts and other neighborhoods;
- stimulate job growth and improve the commercial vitality of our cities and towns; and
- help build a stable community of long-term residents in our downtowns and other neighborhoods.

Under this Act, funding was allocated through the General Assembly to DSHA for the purpose of establishing and administering the DDD Grant Program.

DESIGNATED DISTRICTS

- Dover, Seaford, and Wilmington Designated January 11, 2015
- Georgetown, Harrington, Laurel, Milford and Smyrna Designated August 10, 2016

IMPORTANT DATES

- **Mid-September** Finalized DDD Grant Program information posted to the DSHA website
- **December** Large Project Reservation applications due to DSHA by **4:00** p.m.

AVAILABLE FUNDING AND AWARD LIMITS

- DSHA has established two funding set-asides for DDD Grant awards, the **Small Project Set-Aside** and the **Large Project Set-Aside**, to ensure a variety of projects have ample access to the DDD funding.
- The Large Project Set-Aside has been further divided into a General Pool and a District Pool to ensure all Districts have reasonable access to the DDD funding. As with the initial round of funding for the first three designated Districts, DSHA has allocated 50% of the Large Project Set-Aside to each of the pools.
- District allocations are based on the populations of each District.

FUNDING SET-ASIDE	AVAILABLE	MQIT	MIN. QRPI	MAXIMUM AWARD
LARGE Project Set-Aside *	\$ 6,758,575	\$ 25,000 ⁽¹⁾	\$ 275,000	\$1,500,000 per building or facility ⁽³⁾
SMALL Project Set-Aside	\$ 1,000,000	\$ 0 ⁽²⁾	\$ 15,000	\$50,000 per building or facility
TOTAL FUNDING	\$ 7,758,575			

* BREAKDOWN OF LARGE PROJECT SET-ASIDE		
General Pool		\$ 3,379,287
District Pool		\$ 3,379,288
<i>Dover</i>	\$ 469,721	
<i>Seaford</i>	\$ 118,275	
<i>Wilmington</i>	\$ 1,551,093	
<i>Georgetown</i>	\$ 395,377	
<i>Harrington</i>	\$ 131,792	
<i>Laurel</i>	\$ 118,275	
<i>Milford</i>	\$ 334,550	
<i>Smyrna</i>	\$ 260,205	
TOTAL LARGE PROJECT		\$ 6,758,575

⁽¹⁾ The Minimum Qualified Investment Threshold (MQIT) for Large Projects is the minimum amount of Qualified Real Property Investments (QRPI) required to be made by an Investor to qualify for a Large Project DDD Grant. The MQIT for Large Projects is treated similar to a deductible and is **not** eligible for a Grant.

⁽²⁾ There is **no** MQIT (deductible) for Small Projects; however, there is minimum QRPI of \$15,000 required to be considered eligible for the program.

⁽³⁾ DDD Grants are limited to \$1,500,000 per building or facility within a five-consecutive-year period, starting with the year in which a grant is first awarded or reserved. A \$1,500,000 Grant requires a QRPI greater than \$41,000,000.

MINIMUM THRESHOLD REQUIREMENTS

- The QRPI must be made within the boundaries of a designated DDD.
- The QRPI must be made in conformance with the approved District plan.
- The QRPI must be in excess of the required MQIT (deductible) and minimum QRPI for the specific set-aside.
- The Investor must meet site control requirements (e.g. legal title, sales agreement, or owner’s consent).

ELIGIBLE APPLICANTS

- Investors that meet minimum threshold requirements are eligible to apply for a DDD Grant. Eligible applicants include: property owners (occupant or non-occupant), tenants, for-profit developers, nonprofit organizations, businesses, and homeowners.
- Please note that **state and local governments** are **NOT** eligible for DDD Grants.

ELIGIBLE EXPENSES

- Capital investments **necessary** for the **rehabilitation, expansion, or new construction** of commercial, industrial, residential (including multi-family), or mixed-use buildings or facilities located within the boundaries of a District.
- Only expenses incurred **after** District designation that are properly chargeable to a capital account are eligible for grant consideration. Eligible costs are generally considered part of the building and building envelope only. Soft costs are considered ineligible.

Examples: exterior, interior, structural, mechanical, electrical and accessibility **improvements to the building or facility**; excavations; grading and paving; installing driveways; landscaping or land improvements; and demolition. (As defined by DSHA.)

- Depending on building use, some projects may be required to include accessibility improvements. Please contact your local municipality’s inspection and planning department for accessibility requirements.
- The State’s Division of Revenue requires all contractors working in Delaware to be licensed in Delaware. In the event that work is performed by someone other than a DE licensed third-party contractor, materials up to \$500 may be considered eligible if the work performed is a qualified expenditure.
- Cash transactions are highly discouraged and require documentation, as requested by DSHA. Reimbursement of such transactions will be determined solely by DSHA.

INELIGIBLE ACTIVITIES AND EXPENSES

- ‘Adult Entertainment establishments’ as defined in *24 Del. C. 16*, check cashing facilities, gambling facilities, liquor stores*, pawn or gun shops, tanning salons, or tattoo parlors.

** DSHA has elected to consider, as eligible, businesses that sell alcohol, as long as food is also sold and alcohol is available for purchase by the glass, as well as by the bottle..*

- A few examples of ineligible expenses are:

Appraisal, architectural, engineering, bids and interior design	Rent Loss
Land or building acquisition	Utilities, utility hookup or access fees
Temporary facilities	Outbuildings, if ancillary to function of the main building
Legal, realtor and other professional fees	Signage
Loan fees, capitalized interest, bonding, closing costs, insurance	Roads, sidewalks
Machinery, tools or other equipment	Blinds or other window treatments
Permits, user, zoning, impact and inspection fees	Furnishing and equipment

Please contact DSHA if you have questions regarding the eligibility of an activity or expense.

LARGE PROJECT SET-ASIDE

- The Large Project Set-Aside is for program eligible Investors that make QRPIs in excess of the MQIT that **exceed** \$250,000 (\$275,000 minus \$25,000 MQIT).
- Investors are entitled to a DDD Grant in an amount equivalent to 20% of the QRPI in excess of the MQIT (\$25,000) up to \$500,000 per building or facility. Grants in excess of \$500,000 will be calculated at a lower rate up to an additional \$1,000,000 for a maximum allowed Grant of \$1,500,000.

INVESTMENT RANGE		DDD GRANT	
\$2,525,000	-	\$3,500,000	\$500,000
\$3,500,001	-	\$4,500,000	\$528,000
\$4,500,001	-	\$5,500,000	\$557,000
\$5,500,001	-	\$6,500,000	\$585,000
\$6,500,001	-	\$7,500,000	\$614,000
\$7,500,001	-	\$8,500,000	\$642,000
\$8,500,001	-	\$9,500,000	\$671,000
\$9,500,001	-	\$10,500,000	\$700,000
\$10,500,001	-	\$11,500,000	\$728,000
\$11,500,001	-	\$12,500,000	\$757,000
\$12,500,001	-	\$13,500,000	\$785,000
\$13,500,001	-	\$14,500,000	\$814,000
\$14,500,001	-	\$15,500,000	\$843,000
\$15,500,001	-	\$16,500,000	\$871,000
\$16,500,001	-	\$17,500,000	\$900,000
\$17,500,001	-	\$18,500,000	\$928,000
\$18,500,001	-	\$19,500,000	\$957,000
\$19,500,001	-	\$20,000,000	\$986,000
\$20,000,001	-	\$21,500,000	\$1,000,000
\$21,500,001	-	\$22,500,000	\$1,024,000

INVESTMENT RANGE		DDD GRANT	
\$22,500,001	-	\$23,500,000	\$1,048,000
\$23,500,001	-	\$24,500,000	\$1,072,000
\$24,500,001	-	\$25,500,000	\$1,096,000
\$25,500,001	-	\$26,500,000	\$1,120,000
\$26,500,001	-	\$27,500,000	\$1,144,000
\$27,500,001	-	\$28,500,000	\$1,168,000
\$28,500,001	-	\$29,500,000	\$1,192,000
\$29,500,001	-	\$30,500,000	\$1,216,000
\$30,500,001	-	\$31,500,000	\$1,240,000
\$31,500,001	-	\$32,500,000	\$1,264,000
\$32,500,001	-	\$33,500,000	\$1,288,000
\$33,500,001	-	\$34,500,000	\$1,312,000
\$34,500,001	-	\$35,500,000	\$1,336,000
\$35,500,001	-	\$36,500,000	\$1,360,000
\$36,500,001	-	\$37,500,000	\$1,384,000
\$37,500,001	-	\$38,500,000	\$1,408,000
\$38,500,001	-	\$39,500,000	\$1,432,000
\$39,500,001	-	\$40,500,000	\$1,456,000
\$40,500,001	-	\$41,000,000	\$1,480,000
\$41,000,001	-	<i>and over</i>	\$1,500,000

- Large Project Investors **must** apply for a Reservation in order to be considered for a DDD Grant. DSHA accepts applications for Large Projects once per fiscal year; however, if funding permits DSHA may offer additional application rounds.
- In the event DSHA receives Reservation requests that **exceed** the amount of available funding, applications that address established priorities will receive special consideration.
 - ◆ Identified in District Plan as Priority Project
 - ◆ Readiness to Proceed
 - ◆ Creates Permanent Jobs
 - ◆ Creates or Sustains Mixed-Use Development
 - ◆ Expands Housing Opportunities
 - ◆ Protects Historic Resources
 - ◆ Adaptively Reuses Existing Structures
 - ◆ Promotes Sustainable Practices
- Large Projects that have completed **more than 35%** of the estimated QRPI prior to the date of District designation are **not** eligible for grant consideration.
- Large Projects that will place in service within **60 days** of application deadline are **not** eligible for consideration.
- Large Projects **must** be 15% substantially commenced within 12 months and completed within three (3) years from the date of Reservation.
- An Attestation of Costs by a Certified Public Accountant (CPA) is required for all Large Projects. Costs associated with the Attestation are **not** eligible for a DDD Grant.

Please refer to the DDD Grant Program guidelines for more specific information regarding project priorities and scoring. Program Guidelines will be available on September 9, 2016.

SMALL PROJECT SET-ASIDE

- The Small Project Set-Aside is for program eligible Investors that make QRPIs of \$15,000 to \$250,000. Investors that make QRPIs above this limit may also apply; however, the award will be based on a capped QRPI of \$250,000 with a maximum Grant of \$50,000.
- Investors that make a \$15,000 or greater QRPI are entitled to a Grant in an amount equivalent to 20% of the QRPI up to \$50,000 per building or facility.
- DSHA will accept applications for Small Projects throughout the year, *as long as funding is available*.
- Investors have the option to apply for a Lite-Reservation **or** wait to apply for a Grant after the project is fully completed and placed in service.
- To apply for a Lite-Reservation the Investor must meet minimum threshold, and Building Permit requirements. The Lite-Reservation provides the Investor assurance that funding will be available upon completion of the project. Based on estimated project costs, DSHA will reserve up to \$50,000 for up to **six** months. If the project is **not** completed within **six** months from date of the Lite-Reservation the funds will be returned to the Small Project set-aside. However, Investors will still have the opportunity to apply within **60** days of the building or facility being completed and placed in service, *as long as funding is available*.
- If applying at project completion, Investors must apply within **60** days from the placed-in-service date.

Calculation Example		
QRPI	\$ 100,000	\$ 300,000
Max. QRPI	N/A	\$ 250,000
Multiplier	.20	.20
DDD Grant	\$ 20,000	\$ 50,000

The placed-in-service date is the date in which the **final** approved Certificate of Occupancy or Building Inspection is issued for work done to the respective building or facility, as required by local jurisdiction.

DISBURSEMENT OF GRANT AWARDS FOR SMALL AND LARGE PROJECTS

- Awards will be disbursed upon successful completion of the project and the following:
 - ◆ Receipt of Disbursement Request within **60** days from completion and being “placed in service”.
 - ◆ Receipt of all required support documentation, including the CPA’s Attestation of Costs, if required.
 - ◆ DSHA Compliance Review and Property Inspection.

ADDITIONAL INVESTOR INCENTIVES

- **NEW!** DSHA has recently received a Strategic Opportunity Fund for Adaptation (SOFA) Grant from the Delaware Department of Natural Resources and Environmental Control (DNREC) to assist DDD Investors with fees associated with energy/sustainability certifications.
- State Historic Preservation Tax Credits
- District managed incentives
- Kent County - DDD Grant Match Program up to \$10,000 per building.
- Energize Delaware
- Bridge Loans for DDD Large Projects with Reservations - Cinnaire and NCALL

Investors should contact their District to find out what incentives besides the DDD Grant may be available to them.

DSHA CONTACT FOR PROGRAM QUESTIONS AND TECHNICAL ASSISTANCE

Penny Pierson, DDD Program Manager
Delaware State Housing Authority
18 The Green
Dover, DE 19901

Email: Penny@destatehousing.com
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For more detailed information about the program including program guidelines, links to District websites, maps, applications and forms, please visit DSHA’s website at <http://destatehousing.com/DDD>.