



Downtown Development Districts Grant Program

Fall 2017 Funding Round

DELAWARE STATE HOUSING AUTHORITY

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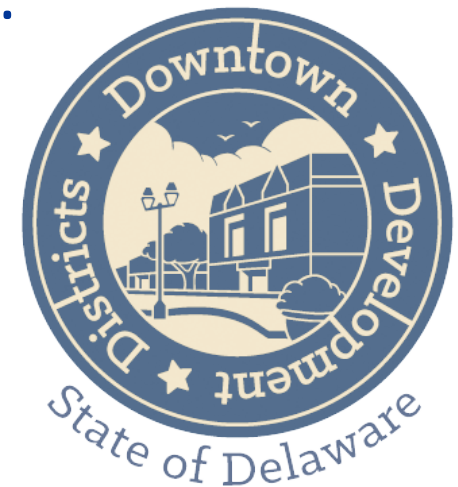
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Downtown Development Districts (DDD) Act

Created to *leverage state resources* in designated downtown areas to:

- Spur private investment
- Improve commercial vitality
- Build a stable community of long-term residents



Funding is allocated by the General Assembly to DSHA to establish and administer the DDD grant program.





Designated Districts

- The Cabinet Committee on State Planning Issues evaluates applications and makes recommendations to the Governor.
- The Governor designates Districts.
- To-date there are eight (8) Districts:
 - 1/11/2015: Dover, Seaford and Wilmington
 - 8/10/2016: Georgetown, Harrington, Laurel, Milford and Smyrna





DDD Grant

- Primary incentive to **support and encourage investment** within the designated Districts.
- Available to investors making Real Property Investments within a designated District.
- Investments must be for the expansion, rehabilitation or new construction of a commercial, industrial, mixed-use , or residential building or facility.
- Grant is up to 20% of the Qualified Real Property Investment (QRPI).



Qualified Real Property Investment (QRPI)

Eligible Expenses and Activities

- Hard costs associated with the building structure:
 - Exterior, interior, structural, mechanical and electrical
 - Demolition (with limitations)
 - Excavations, grading and paving
- Work must be performed by a licensed Delaware contractor.

Capital expenses associated with ensuring accessibility, per Federal and State ADA regulations, are eligible.





Qualified Real Property Investment (QRPI)

Ineligible Expenses and Activities

- ‘Adult Entertainment Establishments’, check cashing facilities, liquor stores, pawn or gun shops, tattoo parlors.
- Site utilities, utility hookups, well, septic or sewer systems.
- Soft costs, such as:
 - Site acquisition, architecture and engineering fees, impact fees, furnishings, permit and zoning fees

Please refer to DDD Program Guidelines for more detail regarding eligibility of a cost.





DDD Grant

Minimum Requirements

- QRPI must be:
 - made within the boundary of a District
 - made in conformance with the District Plan
 - in excess of the required MQIT (deductible) or the minimum QRPI depending on set-aside
 - made **after** the date the real property location is officially incorporated within the boundary of a designated District
- Investor must demonstrate site control
 - legal title, sales agreement or owner's consent





DDD Grant

Eligible Applicants

A Qualified District Investor or Investor is any entity or individual making a real property investment in a District:

- Property Owner
- One of multiple owners
- Tenant with valid lease
- Developer

State and local governments are not eligible for a DDD Grant.





DDD Grant

Available Funding

Two funding set-asides to ensure that a variety of projects have ample access to funding.

- **Large Projects - \$8,075,000**

- District and General Pools (\$4,037,500 each)

- District Pool guarantees all Districts have access to funding

- **Small Projects - \$1,000,000**





Large Project Grant

- Investors must apply for a Reservation .
- Applications accepted once per year.
- QRPI minus MQIT is greater than \$250,000
- MQIT is \$25,000 and treated like a deductible.
- Maximum award is \$1.5 million (investment >\$41M)
- Additional minimum requirements:
 - Project must be substantially commenced within 1 year from date of Reservation.
 - Project must be completed in 3 years.
 - Must engage with a CPA to perform an Attestation of Costs.
- Large Projects ineligible for Grant consideration:
 - Projects that have completed more than 35% of the estimated QRPI prior to the date the real property is officially incorporated within the boundary of a designated District.
 - Large Projects that will place in service within 60 days of application deadline.



Small Project Grant

- Applications are accepted on a rolling basis, as long as funding is available.
- Eligible Investors that make a QRPI between \$15,000 to \$250,000.
- MQIT is \$15,000.
- Investors have the option to apply for a Lite-Reservation or to wait and apply after the project is completed and placed in service.





Small Project Grant

Lite-Reservation Application

- Guarantees funding availability only.
- Reservation is up to \$50,000 for six months*
- In addition to meeting *minimum threshold requirements*, Investor must provide:
 - Estimate of eligible costs
 - Building Permit
 - Project Description
 - Photos of depicting current condition of property

Investors can still apply within 60 days of building or facility being completed and “placed in service”, *as long as funds are available





Small Project Grant

DDD Grant Application

- Investor applies when project is completed, placed in service and all project costs are paid in full.
- Application and required documentation must be submitted within **60 days** of project **placed-in-service date**.
- Documentation of QRPI
 - Copies of invoices/receipts and proof of payment
 - Cash transactions are highly discouraged, require receipts signed by both parties and confirmation from contractor that work is complete and contract is paid in full

Any contractor conducting business activity in Delaware is required to be registered with and obtain a business license from DE Division of Revenue.

- DSHA confirms information provided is accurate, costs are eligible and work is compliant with Grant Program.
- DSHA distributes funds within 60 days.





Small Project Grant

Example 1:

Investor spends \$300,000 to expand an existing commercial building. \$230,000 of the investment is eligible.

Qualified Real Property Investment	\$230,000
	<u>X .20</u>
DDD GRANT	\$46,000

Example 2:

Investor spends \$350,000 to expand an existing commercial building. \$260,000 of the investment is eligible.

Qualified Real Property Investment	\$260,000
Maximum Allowed QRPI	\$250,000
	<u>X .20</u>
DDD GRANT	\$50,000



Important Dates

September 26, 2017

- Fall 2017 Large Project Funding Round opens.
- Program guidelines, applications, and forms posted to DSHA's website.

December 15, 2017

- Large Project Applications Due
 - **Applications must be submitted by no later than 4:00 p.m.**





Additional DSHA Funding

DSHA recently received a Strategic Opportunity Fund for Adaptation (SOFA) grant to pay for third-party costs associated with achieving the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification.

- Only applicants receiving a DDD grant are eligible.
- Costs are not eligible expenses under the DDD grant and will not “double-dip” DDD grant funds.
- SOFA grant is capped at **\$30,000 per building or facility** regardless of documented third-party costs.





DSHA Contact Information

DDD Grant Program

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DSHA staff will be available to answer more individualized questions at the end of tonight's presentation.

Thank you!

