### Downtown Development Districts (DDD) Rebate Program

#### At A Glance: DDD Large Project Rebate

The At A Glance provides a quick overview of the program and is not intended to replace the more in-depth program guidelines. It is important for Investors to read the program guidelines to gain a full understanding of the program requirements and application processes. Please visit DSHA’s website at [http://www.destatehousing.com/ddd](http://www.destatehousing.com/ddd) to access program guidelines, applications, forms, an interactive DDD map and links to other DDD related information.

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<th>DDD Act of 2014</th>
<th>Created to leverage state resources in a limited number of designated areas in Delaware’s cities and towns to: spur private capital investment, stimulate job growth and improve the commercial vitality of our cities and towns, and to help build a stable community of long-term residents in our downtowns and neighborhoods. Under this Act, funding was allocated through the General Assembly to DSHA to establish and administer the DDD Rebate Program.</th>
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| Districts | - Designated January 11, 2015: Dover, Seaford and Wilmington  
- Designated August 10, 2016: Georgetown, Harrington, Laurel, Milford and Smyrna  
- Designated August 19, 2019: Clayton, Delaware City, Middletown and City of New Castle |
| Funding Set Asides | - Large Project and Small Project set asides ensure a variety of projects have ample access to funding  
- Large Project set aside funding is divided into a General Pool and a District Pool (50/50)  
- District Pool funding is allocated between the Districts based on population |
| Qualified Investment | - Qualified Real Property Investment (QRPI) must be greater than $350,000  
- Minimum Qualified Investment Threshold (MQIT) is $350,000 |
| DDD Investors | - Eligible Investors: Property owners (occupant or non-occupant), tenants of eligible property owners, for-profit developers, nonprofit organizations, businesses and homeowners  
- In-eligible Investors: Federal, state or local government, in any form. |
| DDD Rebate | - Eligible investors may receive a rebate of up to 20% of eligible costs upon completion  
- Maximum rebate is $1.5 million and requires an eligible investment greater than $27.5 million |
| Reservation Application | - Annual fall application round; additional spring round, if funding is available  
- Competitive application process based on priority considerations, only if round is oversubscribed  
- Reservation award is required to participate in rebate program  
- Reservation guarantees funding availability only  
- Large Project Reservation Checklist provides application instructions and exhibit requirements (project description/conformity to District plan, proof of site control, before pictures, project timeline, project budget, priority considerations and completed W-9 form)  
- Requires a CPA Attestation of Costs (associated cost not eligible for rebate) |
| Minimum Threshold Criteria | - QRPI must be made within the boundary of a designated District  
- QRPI must be made after the date the real property is incorporated into the District boundary  
- QRPI must be in conformance and support the goals of the approved District plan  
- QRPI must be in excess of the required MQIT  
- Real property must be located in the District at time of application  
- Investors must meet site control requirements |
| Additional Criteria for Large Projects | - Investment where more than 35% of the estimated QRPI is completed prior to the date the property is incorporated within the District boundary are ineligible  
- Investor with Large Projects that commenced after the previous round of funding and still under construction may apply under specific conditions as outlined in program guidelines  
- Readiness to initiate and complete project within 3 years from date of Reservation  
- Ability to be 15% substantially commenced within 1 year from date of Reservation  
- Ability to obtain full-site control within 120 days from date of Reservation |
| Eligible Expenses and Activities (Refer to Appendix B in the guidelines for details) | • Eligible capital investments necessary for the rehabilitation, expansion, or new construction of commercial, industrial, single or multi-family residential, or mixed-use building/facility  
• Expenses generally referred to as "hard costs" that are associated with the building structure  
• Structural, mechanical, electrical and accessibility improvements to the building/facility  
• Limited costs for commercial appliances/equipment related to commercial business activities  
• Limited costs related to site improvements |
|----------------------------------|-------------------------------------------------------------------------------------------------|
| Ineligible Expenses and Activities (Refer to Appendix B in the guidelines for details) | • Business activities commonly referred to by the Internal Revenue Code (I.R.C.) as sin businesses, or activities prohibited by state or local zoning, safety or building ordinances, or Delaware Code (e.g. golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, and liquor stores)  
• ‘Adult Entertainment Establishments’ as defined in 24 Del. C. 16, check cashing facilities, tobacco-only retailers (includes vape shops) or recreation-only marijuana retailers  
• Federal, state or local government related activities, as defined for the purposes of this program, include: libraries, post offices, public safety services (e.g. police stations, etc.)  
• Investments made to property owned by federal, state, or local government  
• Institutional related activities: Hospitals, public and private schools, universities and colleges  
• Costs generally referred to as “soft costs” (e.g. acquisition, architectural and engineering fees)  
• Costs chargeable to furniture, fixtures and equipment (some exceptions)  
• General maintenance type repairs, minor repairs and service calls |
| ADA Regulations | • Investors are required to contact their state and local municipality’s inspection and planning department for accessibility requirements |
| Cash Expenditures | • Cash transactions are highly discouraged and require confirmation from both parties  
• Inclusion of cash transactions for rebate consideration will be solely determined by DSHA |
| Use of Contractors | • General Contractors must meet program requirements  
• Work must be performed by a registered and licensed Delaware contractor  
• Contractor invoices must be itemized and meet program standards |
| Placed-in-Service Date | • Investors must comply with all state and local municipality permit and inspection processes  
• Final placed-in-service documentation is determined by the jurisdiction (e.g. Certificate of Occupancy, Final Building Inspection, etc.)  
• Investors have 60 days from the placed-in-service date to apply for a Rebate |
| Reservation Award | • Investment must be completed within 3 years of Reservation date  
• Investment must substantially commence within 1 year of Reservation date  
• Full-site control required within 120 days from Reservation date  
• DSHA will determine final Reservation award and Conditions of Funding  
• Reservation awards may be rescinded by DSHA if Conditions of Funding are not met |
| Submission of Final Paperwork and Rebate Approval | • Investor must apply for a rebate within 60 days from the final placed-in-service date  
• Large Project Rebate Checklist provides application instructions and exhibit requirements (Final CPA Attestation of Costs, after pictures, and placed-in-service documentation)  
• DSHA will determine final Rebate amount  
• Most Investors can expect to receive their Rebate within 60 days of final submission  
• DSHA will issue an IRS Misc-1099 form for the year in which the Rebate is issued |
| Program Contacts | • Penny Pierson, Community Development Manager  
Penny@destatehousing.com or 302-739-0246  
• Tunisha Scott, Community Development Analyst I  
Tunisha@destatehousing.com or 302-739-0221  
• Contact Information for Districts can be found in Appendix E of the DDD Rebate Program Guidelines |