



DOWNTOWN DEVELOPMENT DISTRICTS (DDD)
Rebate Program Guidelines
Fall 2019

Program Administered by

THE DELAWARE STATE HOUSING AUTHORITY

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Dover, DE 19901**



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If you need language assistance to understand this document and/or any other DSHA housing assistance program, please call 302-739-4263 ext. 215.

Si usted necesita asistencia en español para entender este documento, o algún otro programa de asistencia de vivienda de DSHA, por favor llame al 302-739-4263 ext. 215.



DOWNTOWN DEVELOPMENT DISTRICTS (DDD)

Fall 2019 Funding Round

DDD Rebate Program Guidelines

Introduction

A. Downtown Development Districts Act

The Downtown Development Districts Act (Act) of 2014 was 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
- help build a stable community of long-term residents in our downtowns and other neighborhoods.

1. DSHA's Role

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

General Limitations

- DSHA is authorized to establish additional qualifying criteria with respect to uses (residential, commercial, industrial, etc.) or types of projects (rehabilitation, new construction, etc.).
- DSHA is authorized to amend the required Minimum Qualified Investment Threshold (MQIT) established initially by the Act.
- DSHA is authorized to prioritize particular types of uses or projects in one or more Districts.
- DSHA is authorized to establish such other limitations in one or more Districts as DSHA shall determine from time to time, but no more often than once per year.

2. Designated Districts

Applications for District designations are evaluated by members of the Cabinet Committee on State Planning Issues. The committee then provides its recommendations to the Governor. The Governor designates the Districts.

The Governor has designated the following areas as DDD Districts:

- | | |
|---------------------------|--|
| • January 11, 2015 | Dover, Seaford and Wilmington |
| • August 10, 2016 | Georgetown, Harrington, Laurel, Milford and Smyrna |
| • August 19, 2019 | Clayton, Delaware City, Middletown and City of New Castle |

**New
Districts**

Additional information including the corresponding District Plans and maps for each District may be accessed at the following link <https://stateplanning.delaware.gov/about/ddd.shtml>.

3. State and Local Incentives

State and local incentives are available to investors who invest in real property within a designated DDD District. Information for most DDD incentives may be accessed at <https://stateplanning.delaware.gov/ddd/incentives/index.shtml>.

- **DDD Rebate:** A rebate is available to Qualified District Investors (Investors) who make a Qualified Real Property Investment (QRPI) to a commercial, industrial, residential, and/or mixed-use building or facility located within the boundary of a designated District.
- **Historic Preservation Tax Credits:** The Act allocates 30 percent of the State’s yearly allocation of Historic Preservation Tax Credits to be reserved for projects within a designated District.
- **State and County Incentives:** Incentives to facilitate the revitalization of a designated District.
- **Municipal Incentives:** Each municipality must implement incentives specific to the designated District within its jurisdiction and to the identified projects in the District Plan.

Examples of municipal incentives may include, but are not limited to:

- Reduction or waiver in fees or taxes;
- Permit process reform;
- Special zoning districts or exemptions from local ordinances; and
- Façade improvement grants.

Investors should contact the District for guidance regarding incentives. Please refer to [Appendix E](#) for District contact information.

Important Dates and Funding Availability

A. Important Dates

- **October 16, 2019: Large Project** funding round officially opens. Updated program documentation and application materials for both Small and Large Projects can be accessed from DSHA’s website at <http://www.destatehousing.com/ddd>.
- **January 16, 2020: Large Project Reservation** applications must be submitted to DSHA by ***no later than 4:00 p.m.*** to be considered for a funding reservation.
- **Late February 2020:** Reservation award notifications.

Small Project applications are accepted on a rolling basis, *subject to funding availability*.
Please contact DSHA regarding funding availability.

B. Available Funding and Award Limits

- DSHA has established funding set-asides for DDD rebates, the **Small Project Set-Aside** and the **Large Project Set-Aside**, to ensure a variety of projects have reasonable access to DDD funding.
- The Large Project Set-Aside is divided into a **General Pool** and a **District Pool** to ensure all Districts have reasonable access to the DDD funding. DSHA allocates 50% of the Large Project Set-Aside to each of the pools, as demonstrated below. Individual District set-asides are based on District populations.
- **NEW! The \$25,000 Large Project deductible requirement has been removed.** To apply under the Large Project Set-Aside an Investor must have a minimum of \$350,000 in Qualified Real Property Investment (QRPI), and now with the removal of the \$25,000 deductible the full QRPI will be eligible for rebate consideration. Investors making a QRPI of \$25,000 to \$350,000 may apply under the Small Project Set-Aside.
 - *The QRPI is defined* as the amount that is properly chargeable to a capital account for eligible improvements to rehabilitate, expand or construct depreciable real property placed in service within a District.

FUNDING SET-ASIDE	AVAILABLE	MQIT ⁽¹⁾	MAXIMUM REBATE
SMALL Project Set-Aside *	\$2,000,000	\$25,000	\$70,000 per building or facility NEW!
LARGE Project Set-Aside	\$10,000,000	\$350,000	\$1,500,000 per building or facility ⁽²⁾

* Approximate balance. Applications processed daily.

BREAKDOWN OF LARGE PROJECT SET-ASIDE		
General Pool		\$5,000,000
District Pool		\$5,000,000
<i>City of New Castle</i>	\$320,000	
<i>Clayton</i>	\$130,000	
<i>Delaware City</i>	\$195,000	
<i>Dover</i>	\$525,000	
<i>Georgetown</i>	\$440,000	
<i>Harrington</i>	\$145,000	
<i>Laurel</i>	\$130,000	
<i>Middletown</i>	\$540,000	
<i>Milford</i>	\$375,000	
<i>Seaford</i>	\$130,000	
<i>Smyrna</i>	\$335,000	
<i>Wilmington</i>	\$1,735,000	
TOTAL		\$ 10,000,000

⁽¹⁾ The Minimum Qualified Investment Threshold (MQIT) is the minimum amount of Qualified Real Property Investment (QRPI) an Investor must make to be eligible to apply for the Small or Large Project Rebate.

⁽²⁾ Large Project DDD rebates are limited to \$1,500,000 per building or facility within a five-consecutive-year period, starting with the year in which a rebate is first issued or reserved. A \$1,500,000 rebate requires a QRPI greater than \$27,500,000.

General Program Requirements and Guidelines

A. Eligibility

- Eligible Investors include property owners (occupant or non-occupant), tenants, for-profit developers, nonprofit organizations, businesses, and homeowners.
 - Federal, state and local governments are **not** eligible to apply. Additionally, real property owned by federal, state or local government, in any form, is **not** eligible for DDD funding.
- Investors that make a QRPI in association with a Low-Income Housing Tax Credit (LIHTC) project may apply for DDD funding **after** receiving a preliminary LIHTC allocation.
- Investors must meet minimum threshold requirements to apply.

B. Minimum Threshold Requirements

- The QRPI must be made within the boundary of a designated District.
- The QRPI must be made **after** the date the real property is officially incorporated within the boundary of a designated District.
- The QRPI must be in conformance and support the goals of the approved District plan.
- The QRPI must be in excess of the required MQIT.
- The real property must be located in the District at time of application.
- Investors must meet site control requirements (e.g. legal title, sales agreement*, or owner's consent).

** Large Projects: Must be a valid sales agreement signed by all parties. If awarded a Reservation the Investor is required to purchase the property within **120 days** of the Reservation.*

C. Eligible Expenses

Please refer to [Appendix B](#) for detailed information.

- Capital investments necessary for the **rehabilitation, expansion, or new construction** of a commercial, industrial, residential (single and multi-family), or mixed-use building or facility located within the boundary of a District.
- Only expenses that are properly chargeable to a capital account and incurred **after** the date the real property is officially incorporated within the boundary of a designated District are eligible for rebate consideration.
- Eligible costs are *generally* referred to as “hard costs” and are associated with the **building structure**. This includes labor and materials required to construct the building envelope and the building interior.
- *Limited* costs associated with site improvements, **as defined in [Appendix B](#)** of the program guidelines.
- *Limited* costs associated with appliances and equipment used for commercial business activities, **as defined in [Appendix B](#)** of the program guidelines.
- Demolition of a building (**only** when replaced with a new building).

DSHA considers several factors when determining eligibility of expenses for projects and reserves the right to determine final eligibility.

Factors considered, but not limited to:

- Project type: Commercial, industrial, residential or mixed use;
- Eligible activity: New construction or rehabilitation of an existing building;
- End-use of the building; and
- Total amount of the investment.

D. Ineligible Activities and Expenses

DSHA reserves the right to determine an activity or expense ineligible, as deemed necessary.

1. Ineligible Activities

- 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 are ineligible for rebate consideration.
 - *I.R.C. § 144(c)(6)(B) – Any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off the premises.*
- In addition to the above activities: ‘Adult Entertainment Establishments’ as defined in *24 Del. C. 16*, check cashing facilities, tobacco-only retailers (includes vape shops) and recreational-only marijuana retailers.
- Institutional related activities, as defined for the purposes of this program, include:
 - Hospitals*, public and private schools, colleges and universities.
**an institution that provides medical and surgical treatment and nursing care for sick or injured people and has the ability to admit patients for overnight and extended stays.*
- Federal, state or local government related activities, as defined for the purposes of this program, include:
 - Libraries, post offices, and public safety services (e.g. police stations, etc.)

2. Ineligible Expenses

- Ineligible costs are *generally* referred to as “soft costs”. Examples of ineligible expenses include, but are not limited to:
 - Appraisal, architectural, engineering, environmental testing and auditing fees, and interior design fees;
 - Land or building acquisition and all associated costs;
 - Legal, accounting, realtor, sales, marketing, consultant or other professional fees;
 - Loan fees, capitalized interest;
 - Permit, user zoning, impact, inspection, licensing and audit fees and fees similar in nature;
 - Bonding, closing costs, insurance;
 - Temporary facilities; and
 - Rent loss.

- Costs *generally* chargeable to furniture, fixtures and equipment (FF&E), **unless defined as eligible in [Appendix B](#) under appliances/equipment.**
- General maintenance type repairs, minor repairs and service calls.
- Machinery tools or other equipment.
- Computer network installation and equipment.
- Office equipment and merchandise.
- Point of sale equipment.
- Outbuildings (if ancillary to function of the main building).
- Most exterior and interior signage, please refer to [Appendix B](#) of the program guidelines.
- Utility hookups, water, electric and gas meters, utility disconnection or access fees.
- Site work and site improvements, such as, but not limited to:
 - Road repairs or new roads, curbing;
 - Perimeter and public sidewalks;
 - Playgrounds and equipment, swimming pools, boat docks; and
 - Landscaping.

E. Use of a General Contractor (GC)

1. GC Defined

For the purposes of this program, a GC is defined as an entity that contracts for and assumes responsibility for completing a construction project, and **hires, supervises, and pays all subcontractors.**

2. GC Requirements for Program Purposes

- The GC and all hired subcontractors must be registered with and hold a business license from the Delaware Division of Revenue, and be properly insured and bonded. **A copy of the GC's and subcontractors' business licenses must be submitted as part of the application for rebate.** Additionally, all licenses must be in effect during the time the work was performed.
 - Questions regarding licensing should be addressed to **Delaware's Division of Revenue**. Information may also be obtained at <https://revenue.delaware.gov/>.
- A valid contract must be in place between the Investor and the GC and made available to DSHA at application for rebate or upon request.

3. Limitations on GC Overhead and Profit (Identity of Interest)

Investors who are a licensed GC and serve as the GC on their own project are **not** eligible to include overhead and profit for rebate consideration.

4. GC General Conditions

- General Conditions, as defined below, are considered eligible only when the GC meets the program definition and requirements as previously defined above.
- For purposes of this program General Conditions will be **capped at 10%** of the construction hard costs excluding overhead and profit and must be documented by invoices, canceled checks, time sheets, logs, etc.

- Costs associated with general trade items (i.e. carpentry, drywall, etc.), particularly when performed by employees of the GC are not eligible under General Conditions.
- The costs associated with the items listed below must be incurred for labor or materials supplied at the job site and properly documented for rebate consideration. **All charges for material or labor must be at cost, with no mark-up and no indirect costs, and properly documented.**
 - Cleanup, cleanup labor, rubbish disposal, dumpsters for construction debris only;
 - Project Construction Site Manager and Project Superintendent salaries;
 - General labor, labor for material movement on site;
 - Watchmen's or other security wages;
 - Rental fees for portable toilets;
 - Utility usage bills (during construction); and
 - Large equipment rental (if equipment is owned by GC, costs charged must be at the local rental rates)

F. Contractor Requirements

- Investors who are not a licensed GC, as previously defined, may hire contractors to perform work; however, costs related to the previously-defined GC general conditions are generally are not eligible:
 - All hired contractors must be registered with and hold a business license from the Delaware Division of Revenue, and be properly insured and bonded. **A copy of all contractors' business licenses must be submitted as part of the application for rebate.** Additionally, all licenses must be in effect during the time the work was performed.
 - Questions regarding licensing should be addressed to **Delaware's Division of Revenue**. Information may also be obtained at <https://revenue.delaware.gov/>.
- Investors who are a licensed contractors and serve as the contractor on their own project are not eligible to include overhead and profit for rebate consideration.
- Work performed by unlicensed individuals, owners and investors, have the following limitations:
 - All labor-related costs associated with work performed are ineligible for rebate consideration;
 - Properly documented costs related to materials and supplies necessary to perform program-eligible work will be eligible for rebate consideration; and
 - Compliance with municipal or governmental agency building codes, permit and inspection requirements.

G. Federal and State ADA Regulations

Depending on building use, some projects may be required to include accessibility improvements. Please contact your state and local municipality's inspection and planning department for accessibility requirement information. Projects that do not adhere to accessibility requirements may not be eligible for a DDD rebate.

H. Cash Expenditures

Cash transactions are **highly discouraged** and require confirmation of transaction from both parties. The inclusion of costs in the final QRPI associated with cash transactions will be determined solely by DSHA.

I. Importance of Placed-In-Service Documentation

Investors must comply with all state and local municipality permit and inspection processes to be eligible for a DDD rebate.

1. Placed-in-Service Date Defined

- The placed-in-service date is generally defined as the date the final **Certificate of Occupancy (CO)** or the **Final Building Inspection** is issued for the work completed to a building or facility by the appropriate municipality.
- If neither a CO or a Final Building Inspection is required by the municipality, the Investor must obtain a letter from the municipality stating such, and the placed-in-service date will then be determined by DSHA based on invoice documentation.
- Placed-in-service documentation may vary depending on the nature of a project and the municipality's requirements. **It is important for the investor to contact the municipality prior to the start of construction to discuss placed-in-service requirements.**
 - For example, a restaurant may receive a Place of Public Assembly Certificate of Inspection and Approval for Annual License Permit when placed-in-service.

2. Importance of Placed-in-Service Date

The final placed-in-service document required by the jurisdiction* must be submitted to DSHA by the Investor in order to qualify for a rebate. The Investor has **60 days** from the placed-in-service date to apply to DSHA for a rebate. Rebate applications received **after this date** will be considered **ineligible** for funding, unless otherwise approved by DSHA.

**If the nature of the project requires a Certificate of Occupancy, an Investor cannot apply with a final building inspection even if a final building inspection was issued prior to a Certificate of Occupancy.*

J. Taxability of Rebate

Under Internal Revenue Service regulations, a rebate may be considered taxable income. An IRS 1099 Form will be issued to all Investors that receive a rebate. For tax-related questions, please contact your tax professional for guidance.

K. The Delaware Freedom of Information Act

By submitting a Small or Large Project Application, the applicant acknowledges and agrees that the Application shall be deemed a "public record" for the purposes of the Delaware Freedom of Information Act ("FOIA"), codified at 29 Del. C. §§ 10001 - 10005.

If information included in an application is exempt from disclosure, such as trade secrets, commercial, or financial information of a privileged or confidential nature, DSHA will protect such information from disclosure to the extent permitted by § 10002(g)(2) of the FOIA. DSHA shall determine in its

discretion whether application material is exempt from disclosure. Applicant acknowledges and agrees that any portion of the application which is determined by DSHA to **not** constitute confidential financial or trade secret information exempt from disclosure under FOIA shall be subject to public examination and copying.

It is the policy of DSHA not to release to any third party any application materials until after the ranking of projects, and allocation of Reservations or Rebate funds have been announced. DSHA expressly reserves its authority to withhold all such information from third party requests pending the completion of the ranking process, to the extent permitted by the FOIA. DSHA will endeavor to respond to FOIA requests for application materials as promptly as possible, and absent unusual circumstances, will release to any requesting party public documents related to application materials within 15 days of a written request.

Small Project Set-Aside

A. Small Project Set-Aside

Regulations required for larger, more complex projects can be cost prohibitive to smaller Investors. As a result, DSHA established a Small Project set-aside to ensure that small Investors have ample access to DDD rebate funding.

- The Small Project set-aside is for Investors that make a **QRPI of \$25,000 to \$350,000**. Investors that make a QRPI greater than \$350,000 may also apply under the Small Project set-aside; however, the rebate will be based on a capped QRPI of \$350,000 with a maximum rebate of \$70,000.
- A building/facility may be eligible for multiple small project rebates if DSHA can clearly identify separate investment projects. **Each** application must meet the **\$25,000** MQIT.
 - Example for Residential Building
 - Application 1: Rebate for exterior building work such as new roof, new siding, new doors, and new windows. No interior work.
 - Application 2: Rebate for interior building work such as new HVAC, new floors, new bathroom, electric and plumbing. No exterior work.
 - Example for Mixed-Use Building
 - Application 1: Rebate for exterior and interior work that includes a vanilla shell for a future street-level tenant.
 - Application 2: Rebate to refit the shell space for the arrival of a new tenant.

1. Additional Requirements for Small Projects

In addition to the minimum threshold requirements, Investors have **one (1) year** to complete Small Projects. Work performed should be continuous with no gaps in construction activity for more than 60 days during the completion of the project. DSHA will consider time extensions on a case-by-case basis for delays beyond an Investor's control.

2. Calculation of Small Project Rebate

Investors that make a **QRPI of \$25,000 to \$350,000** are eligible for a rebate in an amount equivalent to **20% of the QRPI up to \$70,000 per building or facility**.

Calculation	Example 1	Example 2
Eligible QRPI	\$ 200,000	\$ 400,000
Maximum QRPI Allowed	\$ 350,000	\$ 350,000
Final QRPI (lower of the two)	\$ 200,000	\$ 350,000
Multiplier	.20	.20
DDD Rebate	\$ 40,000	\$ 70,000

B. Small Project Application Process

Small Project Investors have the option of applying for a Lite-Reservation **prior** to commencement of construction **or** applying for a Rebate after the completion of the project and placing in service. Small Project applications are accepted by DSHA on a rolling basis, subject to funding availability.

1. Applying for a Lite-Reservation

The Lite-Reservation is designed to provide the Investor with the assurance that funding will be available upon completion of the project. Applying for a Lite-Reservation is **optional** and **not** required to receive a Small Project Rebate. A Lite-Reservation **guarantees funding availability only**. Applicants that receive a Lite-Reservation are required to complete a Small Project Rebate Application at the **completion** of the project within **60 days** of the **placed-in-service** date.

To apply for a Lite-Reservation an Investor **must** meet all eligibility, minimum threshold and program requirements and submit the following documentation in exhibit form, as outlined in the **Small Project Lite-Reservation Application Checklist**.

a. Small Project Lite-Reservation Application Checklist – Required Exhibits

Please note for security purposes, **DSHA cannot access files delivered through Google, Dropbox or any similar file sharing system**. Additionally, **DSHA can only receive Word files** with the **.docx** extension. Word files with the file extension **.doc** sent via e-mail are **automatically deleted** by DSHA’s spam filter, and therefore **cannot be accessed**.

The Small Project Lite-Reservation Application consists of exhibits, as outlined in the **Small Project Lite-Reservation Application Checklist**. The checklist including exhibit and submission instructions, and required application forms can be accessed at <http://www.destatehousing.com/ddd>.

- **Exhibit 1: Project Description/Conformity to District Plan**
 - Applicants are **required** to complete **Section A** of the **Project Description/Conformity to District Plan Form**. Upon completion, applicants are required to submit the form to the appropriate District for completion of **Section B** and the District Administrator’s signature.
 - Please allow **10 business days** for the District to complete and sign the form. The District will return the form directly to the applicant. It is the **applicant’s responsibility** to make sure the completed form is submitted to DSHA as part of the application package **prior to the start of construction**.

NOTE: Districts will not sign incomplete forms or forms that do not have a satisfactory project description.

- Additionally, if a rendering of the project is available, please submit to DSHA as part of this exhibit.
- **Exhibit 2: Proof of Site Control**
 - If applicant owns the property:
 - Copy of recorded deed.
 - The name on the deed (owner), application, and payment instrument (e.g. check, credit card, loan, etc.) must be identical, unless preapproved by DSHA.
 - If applicant leases the property:
 - Copy of a valid lease signed by all parties; and
 - The name on the lease (lessee), application, and payment instrument (e.g. check, credit card, loan, etc.) must be identical, unless preapproved by DSHA.
 - **Tenant-Owner Consent Form** completed, signed and notarized.
- **Exhibit 3: Proof of Property Condition (Photos)**
 - Photos demonstrating the condition of the real property **before** the improvements are made. Please limit number of total photos to **6 or less**. A before photo of the front of the building should be included, if applicable.
 - Photos must be submitted in JPEG, PNG, TIF, PDF, or Word format (.docx).
- **Exhibit 4: Project Timeline/Building Permit**
 - Evidence the project is ready to commence and able to be completed within **12 months** of the **Lite-Reservation** date.
 - Detailed timeline of project. Construction activity must commence within **60 days** of the **Lite-Reservation** date.
 - Copy of the approved building permit. If no building permit is required by the municipality, Investors are required to obtain a letter from the municipality.
- **Exhibit 5: Project Budget**
 - Reasonably-accurate estimate of *eligible* project costs (QRPI).
 - Completed **Qualified Real Property Investment Worksheet**.
 - Copy of contractor bids/estimates.
 - Copy of contract between Investor and GC, if applicable.
- **Exhibit 6: Completed W-9 Form**
 - The name on the W-9 form, application, and payment instrument (e.g. check, credit card, loan, etc.) must be identical, unless preapproved by DSHA.
 - Forms can be accessed at <http://www.destatehousing.com/ddd>.
- **Additional Exhibits, *if applicable*:**
 - **Tenant-Owner Consent Form** (includes multiple tenant coordination)
 - This form is required when the applicant is a tenant making real property investments to the leased portion of the building or facility. Tenants are required to submit a completed and notarized form to be eligible for lite-reservation or rebate consideration.

- **Multiple Owner Form** (includes multiple owner coordination).
 - This form is required when the applicant owns a portion of the building or facility. Applicants (owners) are required to submit a completed and notarized form to be eligible for lite-reservation or rebate consideration.

b. Lite-Reservation

- DSHA will process applications upon receipt of all required documentation.
- Lite-Reservations **expire 12 months from the date of issue**. Investors may request a one-time Reservation extension if construction of the investment is well underway prior to the expiration date of the original Reservation. Expired Reservations will be reallocated to either the Small Project or Large Project set-aside, at DSHA's sole discretion.
- Small Project Investors with an expired Reservation will still have the opportunity to apply within **60 days** of the building or facility being placed in service, subject to funding availability.
- **A Lite-Reservation may be rescinded if:**
 - Project construction does not commence within **60 days** of Lite-Reservation;
 - Project is not completed within **12 months** of Reservation;
 - Nature of project changes from that of the original application; or
 - Change in ownership of the property.

2. Applying for a Small Project Rebate

Small Project Investors with or without a Lite-Reservation may apply to DSHA for a DDD rebate once a project is fully completed, placed in service, and all project costs have been paid in full. Rebate applications must be submitted to DSHA within **60 days** of the **placed-in-service** date.

To apply for a rebate an Investor must meet all eligibility and minimum threshold requirements. Applicants must submit the following documentation in exhibit form as outlined in the Small Project Rebate Checklist. Submission of an application does not guarantee a Rebate.

a. Small Project Rebate Application Checklist - Required Exhibits

Please note for security purposes, **DSHA cannot access files delivered through Google, Dropbox or any similar file sharing system**. Additionally, **DSHA can receive only Word files** with the **.docx** extension. Word files with the file extension **.doc** sent via e-mail are **automatically deleted** by DSHA's spam filter, and therefore **cannot be accessed**.

The small project rebate application consists of exhibits, as outlined in the **Small Project Rebate Application Checklist**. The checklist including exhibit and submission instructions, and required application forms can be accessed at <http://www.destatehousing.com/ddd>.

- **Exhibit 1: Project Description/Conformity to District Plan**
 - Applicants are **required** to complete **Section A** of the **Project Description/Conformity to District Plan Form**. Upon completion, applicants are required to submit the form to the appropriate District for completion of **Section B** and the District Administrator's signature.

- Please allow **10 business days** for the District to complete and sign the form. The District will return the form directly to the applicant. It is the **applicant's responsibility** to make sure the completed form is submitted to DSHA as part of the application package within **60 days** from the **placed-in-service** date.
NOTE: Districts will not sign incomplete forms or forms that do not have a satisfactory project description.
 - Additionally, if a rendering of the project is available, please submit to DSHA as part of this exhibit.
- **Exhibit 2: Proof of Site Control**
 - If applicant owns the property:
 - Copy of recorded deed.
 - The name on the deed (owner), application, and payment instrument (e.g. check, credit card, loan, etc.) **must be identical**, unless preapproved by DSHA.
 - If applicant leases the property:
 - Copy of a valid lease signed by all parties.
 - The name on the lease (lessee), application, and payment instrument (e.g. check, credit card, loan, etc.) **must be identical**, unless preapproved by DSHA.
 - **Tenant-Owner Consent Form** completed, signed and notarized.
- **Exhibit 3: Proof of Property Condition**
 - Photos demonstrating the condition of the real property **before and after** the improvements are made. Please limit number of total photos to **12 or less**. A before and after photo of the front of the building should be included.
 - Photos must be submitted in JPEG, PNG, TIF, PDF or Word format.
- **Exhibit 4: Placed-in-Service Documentation**
 - Copy of the required final placed-in-service document.
 - Certificate of Occupancy or Final Building Inspection depending on the municipality's requirements. If neither is required a letter from the municipality stating such is required.
- **Exhibit 5: Proof of Investment**
 - Completed **Qualified Real Property Investment Worksheet**.
 - Completed the **Appliances/Equipment Worksheet**, if applicable.
 - Complete the **Site Improvements Worksheet**, if applicable.
 - Copy of the contract between Investor and GC, if applicable.
 - **Organized** copies of **itemized invoices** for **program-eligible** costs only. Invoices must clearly demonstrate a breakdown of the scope of work performed and the itemized costs. Additionally, invoices must contain the following information:
 - Name and address of contractor;
 - Location of where work was performed;
 - Who contracted the work; and
 - Date(s) work was performed.

- A copy of the contractor’s DE Business license **must** be included for rebate consideration. This includes the GC and all subcontractors. Effective dates must coincide with the dates work was performed.
- **Organized** copies of **receipts** for **program-eligible** costs. Receipts must include:
 - Name of vendor (e.g. Home Depot, Lowes, etc.);
 - Transaction date;
 - Detailed description of goods or services purchased;
 - Amount paid; and
 - Form of payment (e.g. check, credit card, etc).
- **Organized** copies of proofs of payment for **program-eligible** costs.
 - Cleared checks (front/back) - generally available online from most financial institutions.
 - Credit card receipts and itemized credit card statements.
 - Evidence costs were financed with a bank loan.
 - The name on the deed/lease, application, and payment instrument (e.g. check, credit card, etc.) **must be identical**, unless preapproved by DSHA.

Organization of Documents

Proof of payment and the contractor’s DE business license should follow all invoices/receipts whenever possible. It is the investor’s responsibility to package all support documentation in an organized and clear manner. Only invoices/receipts for **eligible** costs should be submitted.

- **Exhibit 6: Completed W-9 Form**
 - The name on the W-9 form, application, and payment instrument (e.g. check, credit card, loan, etc.) **must be identical**, unless preapproved by DSHA.
 - Forms can be accessed at <http://www.destatehousing.com/ddd>.
- **Additional Exhibits, if applicable:**
 - **Tenant-Owner Consent Form** (includes multiple tenant coordination)
 - This form is required when the applicant is a tenant making real property investments to the leased portion of the building or facility. Tenants are required to submit a completed and notarized form to be eligible for rebate consideration.
 - **Multiple Owner Form** (includes multiple owner coordination).
 - This form is required when the applicant owns a portion of the building or facility. Applicants are required to submit a completed and notarized form to be eligible for rebate consideration.

b. Application Review and Inspection

DSHA will review DDD Rebate applications for program eligibility, compliance and eligibility of costs. As part of the review process a DSHA inspector will conduct a physical inspection of the real property investment. During the review process DSHA reserves the right to request additional support documentation as needed.

The physical inspection will include, but is not limited to, verifying the following:

- Completion of municipal or governmental agency inspections;
- Project completeness;

- Depending on nature of project, evidence that business activity is taking place or about to begin;
- Parcel location;
- Building or facility use; and
- Work performed supports documentation of submitted QRPI.

c. Rebate Disbursement

- DDD rebates are generally disbursed within **60 days** from the date DSHA receives **all** required application and support documentation. *Applications that are not well organized, do not have proper documentation and/or need clarifications may take longer than 60 days.*
- The final rebate may be less than the Lite-Reservation amount, but **not** greater. If the final QRPI exceeds the Reservation QRPI, an investor may request additional rebate funds up to the \$70,000 maximum rebate, *if funding is available.*
- If Small Project funding is exhausted, applications will be placed on hold in the order of receipt. DSHA may choose to fund Small Project applications on hold with unused funds from the Large Project funding set-aside or other available sources at DSHA's sole discretion.

Large Project Set-Aside

A. Large Project Set-Aside

The Large Project set-aside is divided into a General Pool and a District Pool to ensure all Districts have reasonable access to DDD funding. Available funding is divided equally between the two funding pools and allocated to the designated Districts based on District populations.

The Large Project set-aside is for program-eligible Investors (e.g. owners or tenants with owner's permission) that make a QRPI that **exceeds \$350,000.**

1. Additional Minimum Threshold Requirements

In addition to the minimum threshold requirements, Large Project applicants are required to:

- Demonstrate readiness to initiate and complete project within **three (3) years** from date of Reservation.
- Demonstrate project's ability to be **15% substantially commenced** within **one (1) year** from date of Reservation. DSHA will verify at the one-year benchmark that at least 15% of all heavy construction activity has been completed.
- Engage with a Certified Public Accountant (CPA) to perform an Attestation of Costs. Costs associated with the Attestation are considered **ineligible** for rebate and therefore may not be included in the QRPI calculation.

2. Additional Eligibility Criteria

- Large Projects that complete **more than 35%** of the estimated QRPI **prior** to the date the real property location is officially incorporated within the boundary of the designated District are **not** eligible for rebate consideration.

- Investors with large projects where construction commenced **after** the application deadline of the previous Large Project funding round may apply for Reservation consideration; however, submission of an application does not guarantee a Reservation. Projects may apply as follows:
 - All large project minimum requirements are met, including the 35% test discussed above;
 - Project is currently under construction; and
 - The municipality has **not** issued the placed-in-service documentation.

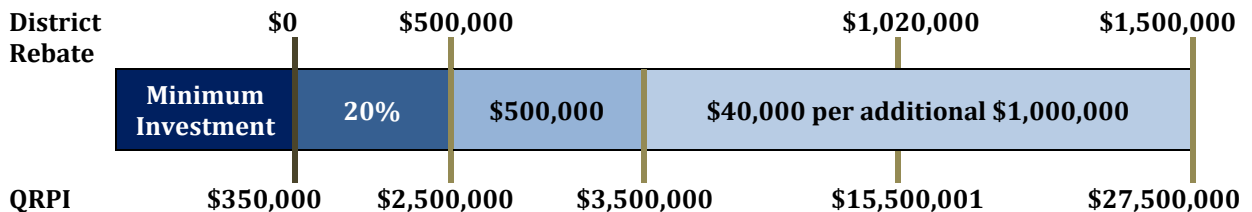
Example: The previous large project application round was in spring 2019 and the application submission deadline was May 20, 2019. The application deadline for the current funding round is January 16, 2020. Investor commences construction in July 2019 (after previous round deadline) and on January 16, 2020 (current funding round deadline) the project is still under construction and no placed-in service documentation has been issued by the municipality making the project eligible to apply.

3. Calculation of Large Project Rebate

- Rebates for **QRPIs between \$350,000 and \$2,500,000** are calculated at a rate of **20 percent**.

Calculation	Example 1	Example 2
Eligible QRPI	\$ 700,000	\$ 2,500,000
Multiplier	.20	.20
DDD Rebate	\$ 140,000	\$ 500,000

- Rebates for **QRPIs greater than \$2,500,000** are calculated at a lower rate up to \$1,500,000 per building or facility, as demonstrated below.



[Investment range and rebate table on next page.]

Calculation Example	Example 2
Eligible QRPI	\$ 6,800,000
Multiplier	Refer to Chart
DDD Rebate	\$ 660,000

INVESTMENT RANGE	DDD REBATE
\$2,500,001 - \$3,500,000	\$500,000
\$3,500,001 - \$4,500,000	\$540,000
\$4,500,001 - \$5,500,000	\$580,000
\$5,500,001 - \$6,500,000	\$620,000
\$6,500,001 - \$7,500,000	\$660,000
\$7,500,001 - \$8,500,000	\$700,000
\$8,500,001 - \$9,500,000	\$740,000
\$9,500,001 - \$10,500,000	\$780,000
\$10,500,001 - \$11,500,000	\$820,000
\$11,500,001 - \$12,500,000	\$860,000
\$12,500,001 - \$13,500,000	\$900,000
\$13,500,001 - \$14,500,000	\$940,000
\$14,500,001 - \$15,500,000	\$980,000
\$15,500,001 - \$16,500,000	\$1,020,000
\$16,500,001 - \$17,500,000	\$1,060,000
\$17,500,001 - \$18,500,000	\$1,100,000
\$18,500,001 - \$19,500,000	\$1,140,000
\$19,500,001 - \$20,500,000	\$1,180,000
\$20,500,001 - \$21,500,000	\$1,220,000
\$21,500,001 - \$22,500,000	\$1,260,000
\$22,500,001 - \$23,500,000	\$1,300,000
\$23,500,001 - \$24,500,000	\$1,340,000
\$24,500,001 - \$25,500,000	\$1,380,000
\$25,500,001 - \$26,500,000	\$1,420,000
\$26,500,001 - \$27,499,000	\$1,460,000
\$27,500,000 and over	\$1,500,000

B. Large Project Reservation Application Process

Large Project Investors **must** apply for a Reservation in order to be eligible for a rebate. The Reservation process is designed to provide assurance to the Investor that funding will be available upon completion of the project. Reservations are a **guarantee of funding availability only**, the final QRPI and Rebate will be determined by DSHA at the time of project completion and may result in amounts lesser than the Reservation.

1. Applying for a Large Project Reservation

To apply for a Reservation an Investor must meet eligibility and minimum threshold requirements and submit the following documentation to DSHA by the established application deadline. Submission of an application does **not** guarantee a Reservation.

a. Large Project Reservation Application Checklist - Required Exhibits

Please note for security purposes, **DSHA cannot access files delivered through Google, Dropbox or any similar file sharing system.** Additionally, **DSHA can receive only Word files** with the **.docx** extension. Word files with the file extension **.doc** sent via e-mail are **automatically deleted** by DSHA's spam filter, and therefore **cannot be accessed**.

The large project rebate application consists of exhibits, as outlined in the **Large Project Reservation Application Checklist**. The checklist including exhibit and submission instructions, and required forms can be accessed at <http://www.destatehousing.com/ddd>.

- **Exhibit 1: Project Description/Conformity to District Plan**
 - Applicants are **required** to complete **Section A** of **Project Description/Conformity to District Plan Form**. Upon completion applicants are required to submit the form to the appropriate District for completion of **Section B** and the District Administrator's signature.
 - Please allow **10 business days** for the District to complete, sign and return the form. The District will return the form directly to the applicant. It is the **applicant's responsibility** to make sure the completed form is submitted to DSHA as part of the application package by the **posted application deadline**.
NOTE: Districts have been instructed **not** to sign incomplete forms or forms that do not have a satisfactory project description.
 - Additionally, if a rendering of the project is available, please submit to DSHA as part of this exhibit.
- **Exhibit 2: Proof of Site Control**
 - If applicant **owns** the property:
 - Copy of recorded deed.
 - The name on the deed (owner), application, and payment instrument (e.g. check, credit card, loan, etc.) **must be identical**, unless preapproved by DSHA.
 - If applicant has a **legal agreement to acquire** property:
 - Copy of a valid sales agreement signed by all parties.
 - The name on the sales agreement (buyer), application, and payment instrument (e.g. check, credit card, loan, etc.) **must be identical**, unless preapproved by DSHA.
 - The ability to acquire the property within **120 days** of Reservation.

- If applicant leases the property:
 - Copy of a valid lease signed by all parties.
 - The name on the lease (lessee), application, and payment instrument (e.g. check, credit card, loan, etc.) must be identical, unless preapproved by DSHA.
 - **Tenant-Owner Consent Form** completed, signed and notarized.
- **Exhibit 3: Proof of Property Condition**
 - Photos demonstrating the condition of the real property **before** demolition or improvements are made. Please limit number of total photos to **6 or less**. A before photo of the front of the building should be included.
 - **If demolition or construction activity has commenced**, include a signed and notarized statement attesting to the construction start date, list of work performed, date performed and associated costs. If needed, please contact DSHA for guidance.
 - Photos must be submitted in JPEG, PNG, TIF, PDF or Word format.
- **Exhibit 4: Project Timeline**
 - Provide a detailed timeline that demonstrates the project's ability to meet the following Reservation deadlines:
 - Ownership of property within **120 days** of Reservation date, if applicable;
 - Substantially commence within **12 months** from Reservation date; and
 - Complete project within **3 years** from Reservation date.
 - Copy of Building Permit, if applicable.
- **Exhibit 5: Project Budget**
 - Completed **Qualified Real Property Investment Worksheet** demonstrating estimated eligible costs.
 - Completed **Appliances/Equipment Worksheet**, if applicable.
 - Completed **Site Improvements Worksheet**, if applicable.
 - Copy of the contract between Investor and GC, if applicable.
 - Provide an overall budget for Total Development Costs (include both eligible and ineligible costs).
 - Demonstrate sources of funding that will be used to pay for the project and status of funding commitments.
- **Exhibit 6: Priority Considerations (Used to score and rank applications)**
 - In the event Reservation requests **exceed** available funding, priority consideration will be given to projects that meet local community and state funding objectives. Applicants are required to provide a narrative and documentation demonstrating how the project meets funding priorities outlined in **Appendix C** and **Appendix D** of the program guidelines. Additionally, a PowerPoint to assist applicants with this exhibit can be accessed at <http://www.destatehousing.com/ddd>.
- **Exhibit 7: Completed W-9 Form**
 - The name on the W-9 form, application, and payment instrument (e.g. check, credit card, loan, etc.) must be identical, unless preapproved by DSHA.
 - Forms can be accessed at <http://www.destatehousing.com/ddd>.

- **Additional Exhibits, *if applicable*:**
 - **Tenant-Owner Consent Form** (includes multiple tenant coordination)
This form is required when the applicant is a tenant making real property investments to the leased portion of the building or facility. Tenants are required to submit a completed and notarized form to be eligible for rebate consideration.
 - **Multiple Owner Form** (includes multiple owner coordination).
This form is required when the applicant owns a portion of the building or facility. Applicants are required to submit a completed and notarized form to be eligible for rebate consideration.

2. Application Review and Ranking

Only applications that meet eligibility and minimum threshold requirements and successfully satisfy all application documentation requirements will be considered for Reservation consideration. All other applications will be deemed ineligible and will **not** go forward to the review and ranking process.

In the event the total Reservation requests **exceed** available funding, Reservation requests will be reviewed and ranked. Applications will be scored based on the following project priority considerations:

- Identified as a priority project in the District Plan;
- Readiness to proceed;
- Creates permanent jobs;
- Expands housing opportunities;
- Protects historic resources;
- Actively reuses existing practices; and
- Promotes sustainable practices.

Please refer to [Appendix C](#) and [Appendix D](#) for detailed information regarding Priority Scoring.

3. Large Project Reservation

- DSHA will make the final determination of the Reservation amount.
- DSHA will announce Reservations within **60 days** of the application deadline.
- Reservation awardees will receive notification by e-mail. Following e-mail notification an official Large Project Reservation Award letter that includes Conditions of Funding will be sent via regular mail. Investors will be given **15 days** to sign and return Rebate Reservation. Reservations **not** accepted within the 15-day period may be forfeited.
- **A Reservation may be rescinded if any of the following conditions occur:**
 - Investment is not “substantially commenced” within **12 months** from the date of Rebate Reservation. For the Investment to be considered “substantially commenced” a **minimum of 15%** of the QRPI, at time of application, relating to real construction activity must be expended, meaning physical construction of the Investment must be underway. DSHA reserves the right to verify through site inspection and requests for written verification of expenditures;
 - The nature or characteristics of the Investment changes from what is presented in the original application at any time after receiving this Reservation;

- The Investor is not able to provide proof of full-site control (ownership) of the Investment within 120 days of the Rebate Reservation date. It is the Investor’s responsibility to submit evidence of such within the stated timeframe.
 - The ownership of the Investment changes from what is presented in the original application. It is the current Investor’s responsibility to immediately notify DSHA of any planned changes in ownership prior to the sale, transfer or abandonment of the Investment; and/or
 - DSHA’s determination that the Investment cannot be completed within three (3) years from the date of Reservation.
- DSHA reserves the right, at its sole discretion, to reserve a portion of funds for Reservation for a year subsequent to the current year for a highly ranked project that received only a partial Reservation from the current year due solely to limited funding availability. DSHA shall only “forward commit” funds from the immediately following year’s allocation and not in an amount greater than the balance of the funds available in the current year, after the highest ranked projects have received their full Reservation.

4. Assignment Agreements

Investors are not restricted from monetizing a Reservation through an Assignment Agreement; however, DSHA will not be a party to the Agreement nor sign any such Agreement. A Reservation is a guarantee of funding availability only and does not guarantee a Rebate.

5. “Substantially Commenced” Requirement

Investors receiving a Large Project Reservation must demonstrate to DSHA the ability of their project to be “substantially commenced” within **12 months** from the date of Reservation at the time of application. Furthermore, Investors are required to provide evidence to DSHA that the Investment is “substantially commenced” at the one-year benchmark to avoid the Reservation being forfeited.

For an Investment to be considered “substantially commenced” a minimum of 15% of the “qualified” expenditures related to real construction activity must be expended, meaning physical construction or rehabilitation of the building or facility must be underway. This status will be verified through site inspection, written verification of expenditures and any additional information DSHA may request.

Investors not able to pass the “substantially commenced” test may apply for a one-time six (6) month Reservation extension. Investors must demonstrate to DSHA the ability to be “substantially commenced” within the six-month extension period in order for DSHA to approve an extension. DSHA will notify Investors in writing that an extension has been approved.

DSHA will notify Investors in writing when an Investment has not passed the “substantially commenced” test, it has been determined that an extension is not feasible and the Reservation is therefore being forfeited. Forfeited Reservations will be reallocated to either the Large Project or Small Project set-aside, at DSHA’s sole discretion.

6. Attestation of Costs

Eligible costs associated with Large Project investments must be attested to by an Independent Certified Public Accountant (CPA) that meets the selection criteria defined in DSHA's Agreed-Upon Procedures for Attestation of Costs Guidelines. An Attestation of Costs must be submitted to DSHA within **60 days** of project being placed in service, in order for a project to be eligible to receive rebate funds. **To meet this deadline and to ensure project documentation and records are sufficient, DSHA recommends Investors engage with a CPA in the early stages of the project.** Costs associated with the preparation of the Attestation are not eligible for a rebate and may not be included in the QRPI.

DSHA's Agreed-Upon Procedures for Attestation of Costs Guidelines, along with required forms can be accessed at <http://www.destatehousing.com/ddd>.

C. Final Rebate Process

Large Project Investors must apply for a Rebate Reservation in order to receive a rebate. Once a project **with** a Reservation is fully completed, placed in service, all costs associated with the QRPI have been paid in full and the Attestation of Costs has been completed, an Investor may submit a **rebate disbursement request**.

The final rebate may be less than the Reservation amount, but not greater. Costs associated with project changes not included in original Reservation application will not be considered.

1. Request for Rebate Disbursement

Investors with a Reservation must submit the following information to DSHA within **60 days** of the building or facility being placed in service to receive a Rebate:

- Copy of original Rebate Reservation;
- Placed-in-Service documentation;
- CPA Attestation of Costs Report (Agreed-Upon Procedures and Findings)
- Rebate Disbursement Request - DSHA forms AC101-104 fully completed and signed;
- Narrative description of Final Scope of Work;
- Demonstration that Project Priority Considerations have been met, if applicable; and
- Digital Photographs of completed building or facility.

2. Compliance Review and Inspection

DSHA will review all documentation for compliance with the program and, as part of this review will conduct a physical inspection of the property to confirm the project conforms to the project scope outlined in the Reservation.

The inspection will include, but is not limited to, verifying the following:

- Completion of municipal or governmental agency inspections;
- Project completeness. Depending on nature of project, evidence that business activity is taking place or about to begin;
- Parcel location;
- Building or facility use;

- Conformity with Scope of Work submitted in the original Large Project Rebate Reservation Application;
- Verification that work performed supports documentation of submitted QRPI; and
- Project Priority Considerations have been met, if applicable.

3. Final Rebate

- Investors can expect to receive a rebate within **60 days** from the date DSHA receives the CPA's Attestation of Costs, Request for Disbursement and **all** required support documentation. DSHA reserves the right to request additional documentation as needed.
- Final rebates may be less than the Reservation amount, but **not** greater.
- DSHA, at its sole discretion, will determine the final rebate.

Application Submission and DSHA Contact Information

Instructions for packaging and submitting applications to DSHA are included in the application checklists.

It is *highly* recommended that all Investors contact the appropriate **District staff** to discuss their project and to obtain more information about incentives available to District Investors since the DDD Rebate is just one of the available incentives. For District contact information, please refer to [Appendix E](#) of the guidelines.

Additionally, it is equally important to contact DSHA prior to project commencement to discuss the DDD program to ensure a reasonable understanding of the program rules and regulations, and how to secure a successful rebate at the completion of the project.

For questions or application assistance, please contact:

Penny Pierson, Community Development Manager

E-mail: Penny@destatehousing.com

Phone: (302) 739-4263, ext. 246

Direct: (302) 739-0246

Tunisha Scott, Community Development Analyst I

E-mail: Tunisha@destatehousing.com

Phone: (302) 739-4263, ext. 221

Direct: (302) 739-0221

Appendix A: DDD Rebate Program Related Definitions

- **Building:** defined as any construction meeting the ordinarily accepted meaning of the term, usually a roofed and walled structure built for permanent use where: (1) areas separated by interior floors or other horizontal assemblies and (2) areas separated by fire walls or other vertical assemblies shall not be construed to constitute separate buildings, irrespective of having separate addresses, ownership or tax assessment configurations, unless there is a property line contiguous with the fire wall or vertical assembly.
- **DSHA:** defined as the Delaware State Housing Authority.
- **Downtown Development District or “District”:** defined as an area within a municipality or unincorporated area designated as a Downtown Development District by the Governor in accordance with Chapter 19 of Title 22.
- **District Plan:** defined as the strategic plan or other detailed description of the overall strategy for the development of a proposed District submitted by the municipality or unincorporated area as part of its application for District designation.
- **DDD Rebate:** defined as a Downtown Development District Rebate.
- **Facility:** defined as a complex of buildings, co-located at a single physical location within a District, all of which are necessary to facilitate the conduct of the same residential, trade, or business use. This definition applies to new construction as well as to the rehabilitation and expansion of existing structures. Multi-family rental developments described as “scattered site” will be considered a single facility for DDD program purposes. An exception is made only for scattered site homeownership units developed by a non-profit.
- **Minimum Qualified Investment Threshold or MQIT:** defined as the minimum level of Qualified Real Property Investment required to be made by an Investor in a building or facility in order to qualify for a DDD Rebate. Notwithstanding the foregoing, for beginning with the fiscal year ending June 30, 2015, the Minimum Qualified Investment Threshold for **Small Projects** shall be **\$25,000** per building or a facility and **\$350,000** for **Large Projects**. No more often than once per year, DSHA may amend the Minimum Qualified Investment Threshold with respect to uses (residential, commercial, industrial, etc.), types of projects (rehabilitation, new construction, etc.), or other criteria determined by DSHA to be necessary or convenient to accomplish the purposes of this program. Notwithstanding the foregoing, no investment in the rehabilitation, expansion, or construction of any building or facility in a District shall count toward meeting the Minimum Qualified Investment Threshold unless it is performed in accordance with the District Plan and after the date the real property is officially incorporated within the boundary of a designated District.
- **Mixed-Use:** defined as a building or facility that blends a combination of residential, commercial, or industrial uses.
- **Municipality:** defined as any incorporated town or city of this State.

- **Permanent Full-Time Position:** defined as a job of indefinite duration at a business firm located in a designated District, requiring the employee to report to work within the District; and requiring (i) a minimum of 35 hours of an employee's time per week for the entire normal year of a business firm's operation, which a normal year must consist of 48 weeks, (ii) a minimum of 35 hours of an employee's time per week for the portion of the calendar year in which the employee was initially hired for or transferred to the business firm, or (iii) a minimum of 1,680 hours per year. Such positions shall not include: (i) seasonal, temporary, or contract positions, (ii) a position created when a job function is shifted from an existing location in the State to a business firm located within a District, (iii) any position that previously existed in the State, or (iv) positions created by a business that is simultaneously closing facilities in other areas of the State.
- **Qualified District Investor or Investor:** defined as an owner or tenant of real property located within a District who expands, rehabilitates or constructs such real property for residential, commercial, industrial or mixed use. In the case of a tenant, the amounts of qualified real property investment specified in this section shall relate to the proportion of the building or facility for which the tenant holds a valid lease. In the case of an owner of an individual unit within a common interest community, as such term is defined in 25 Del.C. § 81-103(11), the amounts of qualified real property investments specified in this chapter shall relate to that proportion of the building for which the owner holds title and not to common elements.
- **Qualified Real Property Investment or QRPI:** defined as the amount that is properly chargeable to a capital account for improvements to rehabilitate, expand or construct depreciable real property placed in service within a District. Specific inclusions and exclusions from the definition of "Qualified Real Property Investment" shall be determined by DSHA, but such definition shall generally include expenditures associated with (i) any exterior, interior, structural, mechanical or electrical improvements necessary to construct, expand or rehabilitate a building or facility for residential, commercial, industrial, or mixed use; (ii) excavations; (iii) grading and paving; (iv) installing driveways; (v) land improvements; and (vi) demolition (must result in construction of a new building). Notwithstanding the foregoing, no investment in the rehabilitation, expansion, or construction of any building or facility in a District shall be a Qualified Real Property Investment unless it is performed in accordance with the District Plan and **after** the date the real property is officially incorporated within the boundary of a designated District.
- **Street Level Pedestrian Friendly Use:** A use provided at street level that generates significant foot traffic. Street level grocery, retail, restaurant, and entertainment uses are considered pedestrian friendly. Other uses qualify if they generate street level pedestrian activity for at least 13 hours per day or provide street-level uses that generate at least 400 users a day.
- **Substantially Commenced:** For the Investment to be considered "substantially commenced" a minimum of 15% of the "qualified" expenditures related to real construction activity must be expended, meaning physical construction of the Investment must be underway. This status may be verified through site inspection and request for written verification of expenditures.

Appendix B: Cost Eligibility Definitions by Line Item

For the purposes of the DDD Rebate Program, eligible costs are generally referred to as “hard costs” that are associated with the building structure. Costs may include materials and labor required to construct the building envelope and building interior. Additionally, there are limited costs associated with site improvements and appliances/equipment that may be eligible.

Costs defined as eligible if in conjunction with “**substantial rehabilitation or new construction**” require the MQIT be met prior to inclusion of related costs. For example, to include the paving of an eligible driveway in a small-project residential investment, the Investor must have \$25,000 (MQIT) in eligible costs excluding the cost of paving the driveway. To include the repaving of an eligible parking area in a large-project investment, the Investor must have \$350,000 (MQIT) in eligible costs excluding the cost of repaving the parking area.

Costs described in the table below are for example purposes only and may not represent all eligible and ineligible costs. The final determination of eligibility will be made solely by DSHA. **Please contact DSHA for questions regarding eligibility.**

COST CATEGORY	ELIGIBLE COSTS	INELIGIBLE COSTS
<p style="text-align: center;">Appliances/ Equipment</p> <p><u>50%</u> of the total <u>eligible</u> appliances/equipment for commercial business activities may be included in the QRPI.</p> <p>Investors are <u>required</u> to complete DSHA’s Appliances/Equipment Worksheet to estimate the eligible total cost allowable for inclusion in the QRPI.</p> <p>For large projects this worksheet is included with the CPA Attestation forms.</p> <p>For small projects this is a separate worksheet.</p>	<p><i>To be eligible to include this cost category in the QRPI, the investment must include substantial rehabilitation or new construction of a commercial building as defined above.</i></p> <p>Costs associated with the purchase and installation of appliances/equipment for commercial business activities deemed by DSHA as part of the <u>permanent building structure</u> and <u>essential</u> to the business operation may be considered eligible. Purchase price of <u>each</u> appliance/equipment must be <u>greater than \$1,500</u>. Additionally, for eligibility consideration, appliances/equipment must be installed by a DE-licensed professional.</p> <p><u>Restaurants</u> Purchase and installation of commercial grade walk-in cooler/freezer, free-standing refrigerator, lowboy reach-in cooler, dishwasher, oven, gas-range with ventilation system, grill, ice makers, deep fryers, food prep stations, etc.</p> <p><u>Brewery</u> Brewery <u>must</u> be physically connected to and part of a restaurant where food is served. Purchase and installation of brewing tanks and connective plumbing.</p> <p><u>Coffee Shops</u> Coffee brewing systems, also please refer to equipment listed under restaurants.</p>	<p>Costs incurred for appliances/equipment without substantial rehabilitation or new construction of a building.</p> <p>Repairs or service to commercial appliances/equipment.</p> <p>Costs associated with the purchase, installation or repair of single or multi-family residential appliances/equipment. <i>This includes the residential portion of a mixed-use building.</i></p> <p>Appliances/equipment not considered <u>essential</u> to the commercial business activity.</p> <p>The following is a list of additional ineligible costs; however, it is <u>not</u> representative of all ineligible costs:</p> <ul style="list-style-type: none"> • Portable appliances/equipment; • Appliances/equipment that cost less than \$1,500 <u>each</u>; • Office equipment; • Point of sale equipment; • Audio and video systems, computers, monitors or televisions; and • Computer and network installation, service calls and associated fees. <p style="text-align: center;">For questions and clarifications, please contact DSHA.</p>

COST CATEGORY	ELIGIBLE COSTS	INELIGIBLE COSTS
Building Environmental Remediation	Costs associated with the removal or remediation of asbestos, lead-based paint or other environmentally hazardous substances.	Costs associated with testing and environmental audit fees.
Carpeting	Costs associated with the installation or replacement of carpeting, padding, and carpet tiles.	Costs associated with the purchase of area or throw rugs, carpet cleaning or repairs to existing carpeting.
Concrete	Costs associated with concrete foundation, slab work, or gypcrete work associated with the building structure.	Costs associated with curb work.
Demolition	For rehabilitation projects, costs include demolishing existing walls, floors, ceilings, roofs, non-essential buildings, etc., and disposal fees directly related to the demolition. Demolition of a building, if replaces with a new building.	Costs associated with wrecking, destroying or the tearing down of non-essential buildings/structures without replacing with a new building/structure. (i.e. sheds, detached garages or out buildings, etc.)
Door and Frames	Costs associated with interior and exterior doors, metal or wood frames, hardware for <u>newly-installed</u> doors and lock systems, hinges and doorstops.	Costs associated with the repair of an existing door or replacement of hardware on an existing door. <i>Historical preservations will be evaluated for eligibility on a per project basis.</i>
Drywall	Costs associated with gypsum board, spackling, tape and finishing work.	Costs associated with minor drywall repairs.
Electrical	Costs associated with all wiring for the interior of a building including, but not limited to, devices, electrical boxes, switches, paddle fans, light fixtures, outlets, interior cable and phone lines, permanently installed whole-building generators. Costs related to the installation of wiring/cables installed in walls and ceilings for computer networking.	Cost associated with electric hookups, installation or removal of electric meters, meter panels, electric utility disconnection or access fees.
Elevators	Costs associated with the purchase and installation of elevators.	Costs associated with maintenance/repair. <i>If repair costs are substantial and work is done in conjunction with the substantial rehabilitation of a building, DSHA will review for rebate consideration.</i>
Exterior Siding	Costs associated with installing new exterior siding, including, but not limited to, vinyl, concrete plank, stucco, moisture and thermal protection (Tyvek), all associated trim, fypons, and architectural millwork.	Costs associated with minor repairs.
Finished Carpentry	Costs associated with kitchen and bathroom cabinetry, installation of doors and windows, trim, window sills, baseboards, and casework.	Costs associated with minor repairs.
Fire Alarm/Security System Equipment	Costs associated with close circuit/security cameras, fire alarm/annunciation panels, electronic entry systems, nurse/emergency call systems in conjunction with substantial rehabilitation or new construction of a building.	Costs associated with fire alarm/security systems and equipment when not in conjunction with substantial rehabilitation or new construction of a building.
Flooring	Costs associated with installing new vinyl, VCP plank, engineered flooring, hardwood flooring, underlayment, sheet goods, ceramic tiles, stained concrete, or VCT flooring for the building.	Costs associated with minor flooring repairs.

COST CATEGORY	ELIGIBLE COSTS	INELIGIBLE COSTS
HVAC	Costs associated with installation and materials for new heating and air conditioning systems (must be code compliant).	Costs associated with minor repairs, maintenance type repairs and service calls.
Insulation	Costs associated with insulation located at slabs/footers, walls, floors or attic areas, including batt, blown-in, spray-on, fire stopping and rigid types.	Costs associated with minor repairs.
Joint Sealant	Costs associated with interior and exterior caulking including, but not limited to, all bathroom and kitchen areas, trim, baseboards, fire-stopping and all exterior areas.	Costs associated with maintenance or minor repairs.
Kitchen and Bathroom Cabinets	Costs associated with kitchen and bathroom cabinets, including all base and wall cabinets, countertops, side and wall splash guards, and bathroom vanity.	Costs associated with maintenance or minor repairs of existing cabinetry.
Masonry	Costs associated with any block, brick, or stonework, including foundation footings, paving, restoration/power washing, re-pointing, and acid washing.	Costs associated with minor repairs. Power washing not in conjunction with the rehabilitation or new construction of a building. Costs associated with retaining walls or stone fencing.
Metals/Gutters/Downspouts	Costs associated with miscellaneous metals and drip edge, fascia, headers, columns, and interior and exterior metal railings. Steel stairs, beams and other structural metals are included.	Costs associated with maintenance or minor repairs.
Painting	Costs associated with the interior and exterior painting of a building.	Costs associated with maintenance or minor repairs.
Plumbing	Costs associated with all rough and finished plumbing, included but limited to, hot and cold water supplies, sanitary connections, venting, purchase and setting of new fixtures (toilets, tubs, sinks, showers, garbage disposals, and water heaters).	Costs associated with minor repairs, maintenance type repairs and service calls.
Roofing	Costs associated with all roofs, including but not limited to, shingles, vents, metal flashing, underlayment, ice shields and rubber roofs. Replacement or <u>substantial</u> replacement/repair of a roof is eligible; however, a minor roof repair is not eligible. For the purpose of this program, a substantial repair is greater than 40% of what it would cost to fully replace the roof. DSHA will determine eligibility upon inspection of the roof at time of completion.	Costs associated with minor roof repairs.
Rough Carpentry	Costs associated with all framing, additions, setting trusses and roof, wall or floor sheathing.	
Site Grading	Costs include stripping top soil, stock piling and grading, rough and finish grading, and imported fill material when in conjunction with the new construction or rehabilitation of a building.	Costs associated with clearing site, removal of trees, etc.

COST CATEGORY	ELIGIBLE COSTS	INELIGIBLE COSTS
<p align="center">Site Improvements</p> <p><u>Eligible</u> site improvements may be included in the QRPI.</p> <p>Investors are <u>required</u> to complete DSHA's Site Improvements Worksheet to estimate the eligible total cost allowable for inclusion in the QRPI.</p> <p>For large projects this worksheet is included with the CPA Attestation forms.</p> <p>For small projects this is a separate worksheet.</p>	<p>Costs associated with the construction of parking areas, and the re-surfacing and seal coating of existing parking areas when in conjunction with the substantial rehabilitation or new construction of a building.</p> <p>Costs associated with the new installation of underground utilities that connect to the building (cable, water, gas, sewer, electric lines) when in conjunction with the substantial rehabilitation or new construction of a building.</p> <p>Costs associated with the new installation of storm water management systems, erosion and sediment controls when in conjunction with the substantial rehabilitation or new construction of a building.</p> <p>Costs associated with the new installation of <i>private</i> sidewalks when in conjunction with the substantial rehabilitation or new construction of a building.</p> <p><i>The above site improvements must be located on the same parcel as the improved building for rebate consideration.</i></p>	<p>Costs not in conjunction with the <u>substantial</u> rehabilitation or new construction of a building.</p> <p>Sidewalks that do <u>not</u> physically connect to the building. Perimeter and public sidewalks. Minor sidewalk repairs and maintenance.</p> <p>Playground, play equipment, boating docks, swimming pools, fencing and other costs similar in nature.</p> <p>Site improvements not located on the same parcel as the improved building.</p> <p align="center">For questions and clarifications, please contact DSHA.</p>
<p align="center">Solar Panels</p>	<p>Must be in conjunction with the new construction or rehabilitation of a building or facility; investor must own solar panels and be the eligible recipient of the Renewable Energy Tax Credit; panels must be attached to the building (rooftop); Costs include: solar panels and associated operating equipment.</p>	<p>Costs associated with free standing solar panel systems and solar farms.</p> <p>Service fees.</p>
<p align="center">Specialties/ Signage</p>	<p>Costs associated with fire extinguishers, ADA accessibility requirements, unit and building identification numbers, permanent shelving.</p> <p>Costs associated with exterior signage affixed to the building in a permanent fashion when in conjunction with the substantial rehabilitation or new construction of a building.</p>	<p>Costs associated with removable or decorative shelving.</p> <p>Signage –Easily removable signage, window decals, hanging signs and free standing signs.</p>
<p align="center">Sprinklers</p>	<p>Costs associated with code compliant fire protection sprinkler system and all associated pertinent equipment located in the building/facility.</p>	
<p align="center">Toilet Accessories</p>	<p>Costs associated with shower rods, grab bars, towel bars, toilet paper holders, mirrors, and medicine cabinets.</p>	<p>Costs associated with shower curtains, bathroom linens, etc.</p>
<p align="center">Windows</p>	<p>Costs associated with the purchase and installation of windows and patio doors, including screens.</p>	<p>Costs associated with minor window repairs, unless associated with an historic preservation project.</p> <p>Window coverings such as blinds and curtains.</p>

Appendix C: Priority Considerations

PRIORITY CONSIDERATIONS	SCORE
IDENTIFIED AS PRIORITY PROJECT	
<ul style="list-style-type: none"> Identified in District Plan as Priority Project 	3
READINESS TO PROCEED	
<ul style="list-style-type: none"> Building permits secured prior to Reservation application 	3
CREATES PERMANENT JOBS	
<ul style="list-style-type: none"> Creates 5 or more permanent full-time positions * 	1
<ul style="list-style-type: none"> Creates 20 or more permanent full-time positions * 	3
CREATES OR SUSTAINS MIXED-USE DEVELOPMENT **	
<ul style="list-style-type: none"> Includes residential above 1st floor 	1
<ul style="list-style-type: none"> Includes at least <u>2</u> uses vertically mixed 	0.5
<ul style="list-style-type: none"> <u>And</u> street level pedestrian friendly uses* 	0.5
EXPANDS HOUSING OPPORTUNITIES	
<ul style="list-style-type: none"> Provides a mixture of housing types or tenure 	1
<ul style="list-style-type: none"> Creates homeownership or converts rental to homeownership via non-profit entity 	1
PROTECTS HISTORIC RESOURCES	
<ul style="list-style-type: none"> Preserves or reuses buildings of historical significance 	1
ADAPTIVELY REUSES EXISTING STRUCTURES	
<ul style="list-style-type: none"> Adapts old structures for new purposes while retaining architectural uniqueness 	1
PROMOTES SUSTAINABLE PRACTICES	
<ul style="list-style-type: none"> Participates in a Delaware Sustainable Energy Utility (DSEU) Program. Residential Programs: https://www.energizedelaware.org/residential/ Non-Residential Programs: https://www.energizedelaware.org/nonresidential/ 	1

*Refer to [Appendix A](#) for definitions.

** Creates a mix of uses within a new building/facility OR sustains mixed use within an existing building/facility that, without this assistance, mixed-use is not possible.

Appendix D: Priority Considerations Required Documentation

PRIORITY	DOCUMENTATION
PROJECT IDENTIFIED AS PRIORITY PROJECT	
<ul style="list-style-type: none"> Identified in District Plan as Priority Project 	Reference page in DDD plan
READINESS TO PROCEED	
<ul style="list-style-type: none"> Building permits secured prior to Reservation application 	Copy of obtained building permit, dated appropriately to allow activity to commence within a time frame that allows for completion in accordance with District rebate
CREATES PERMANENT JOBS	
<ul style="list-style-type: none"> Creates 5 or more permanent full-time positions * 	Documentation of employer commitment along with number of permanent full-time employees *
<ul style="list-style-type: none"> Creates 20 or more permanent full-time positions * 	
CREATES OR SUSTAINS MIXED-USE DEVELOPMENT	
<ul style="list-style-type: none"> Includes residential above 1st floor 	Verified from proposal and site plan
<ul style="list-style-type: none"> Includes at least 2 uses vertically mixed 	Verified from proposal and site plan
<ul style="list-style-type: none"> <u>And</u> street level pedestrian friendly uses * 	Verified from proposal and site plan
EXPANDS HOUSING OPPORTUNITIES	
<ul style="list-style-type: none"> Provides a mixture of housing types or tenure 	Verified from proposal and site plan to provide two or more housing types (i.e., single family, attached, multi-family) and/or both homeownership and rental
<ul style="list-style-type: none"> Creates homeownership or converts rental to homeownership via non-profit entity 	A non-profit applicant with stated proposal (mission and proof of 501(c)3)
PROTECTS HISTORIC RESOURCES	
<ul style="list-style-type: none"> Preserves or reuses buildings of historical significance 	Copy of SHPO determination of 'Part 1 - Certification of Historic Property', SHP Tax Credit Application
ADAPTIVELY REUSES EXISTING STRUCTURES	
<ul style="list-style-type: none"> Adapts old structures for new purposes while retaining architectural uniqueness 	Verified from proposal, site plan, pictures and proposal for reuse
PROMOTES SUSTAINABLE PRACTICES	
<ul style="list-style-type: none"> Participates in a Delaware Sustainable Energy Utility (DSEU) Program <p>Residential Programs: https://www.energizedelaware.org/residential/</p> <p>Non-Residential Programs: https://www.energizedelaware.org/nonresidential/</p>	<p>Submitted with Reservation application</p> <ul style="list-style-type: none"> Signed DSEU letter certifying participation <p>Submitted with Final application</p> <ul style="list-style-type: none"> Signed DSEU letter certifying completion

* Refer to [Appendix A](#) for definitions

Appendix E: Directory for District Administrators

Designated Districts are required to appoint a DDD Administrator to manage and market the DDD program, assist investors and administer District incentives. Investors should contact the DDD Administrator or assigned staff of the District to ensure compliance with the District programs and to learn about any additional incentives that may be available to their project.

Questions regarding the **DDD Rebate program** and **application process** should be directed to DSHA.

District	DDD District Administrator	DDD District Staff
Clayton	<p>Mary Ellen DeBenedictis Downtown Development District Administrator Mdebenedictis1@verizon.net OFFICE: 302-653-9128 Website: http://clayton.delaware.gov/</p>	<p>Susan Muncey Office Manager smuncey@clayton-delaware.com OFFICE: 302-653-5637</p>
Delaware City	<p>David Baylor City Manager dbaylor@ci.delaware-city.de.us OFFICE: 302-834-4573 Website: http://delawarecity.delaware.gov/</p>	<p>Britney Loveland Administrative Assistant bloveland@ci.delaware-city.de.us OFFICE: 302-834-4573</p>
Dover	<p>Dave Hugg Director Planning and Inspections dhugg@dover.de.us OFFICE: 302-736-7196 Website: https://www.cityofdover.com/</p>	<p>Julian Swierczek Planner I jswierczek@dover.de.us OFFICE: 302-736-7196</p>
Georgetown	<p>Gene Dvornick Town Manager gdvornick@georgetowndel.com OFFICE: 302-856-7391 Website: http://www.georgetowndel.com/</p>	<p>Jocelyn Goodwin Planning Administrator jgodwin@georgetowndel.com OFFICE: 302-856-7391</p>
Harrington	<p>Karen Brittingham Planning Consultant kbrittingham@cityofharrington.com OFFICE: 302-398-3530 Website: https://harrington.delaware.gov/</p>	
Laurel	<p>Jamie Smith Town Manager laurelsm@comcast.net OFFICE: 302-875-2277 Website: https://www.townoflaurel.net/</p>	
Middletown	<p>Morris Deputy Town Manager mdeputy@middletown.delaware.gov OFFICE: 302-378-9120 Website: http://www.middletownde.org/</p>	<p>Kristen Krenzer Public Relations Officer kkrenzer@middletown.delaware.gov OFFICE: 302-378-2711</p>

District	DDD District Administrator	DDD District Staff
Milford	<p>Rob Pierce Planning & Economic Development Director rpierce@milford-de.gov OFFICE: 302-424-8396 x1311 Website: http://cityofmilford.com/</p>	
City of New Castle	<p>William J. Barthel City Administrator bbarthel@newcastlecity.org OFFICE: 302-322-9801 Website: https://newcastlecity.delaware.gov/</p>	
Seaford	<p>Trisha Newcomer Director of Economic Development & Community Relations tnewcomer@seafordde.com OFFICE: 302-629-9173 Website: http://www.seafordde.com/index.cfm?ref=82500</p>	
Smyrna	<p>Jeremy Rothwell Smyrna Senior Planner jrothwell@smyrna.delaware.gov OFFICE: 302-389-2332 Website: https://smyrna.delaware.gov/</p>	
Wilmington	<p>Herb Inden Director of Planning & Development hminden@wilmingtonde.gov OFFICE: 302-576-3109 Website: https://www.wilmingtonde.gov/</p>	<p>John Kurth Planner II jkurth@wilmingtonde.gov OFFICE: 302-576-3118 DaWayne Sims Director, Small Business & Minority Business Development dsims@wilmingtonde.gov OFFICE: 302-576-2127</p>