

## **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 <u>not</u> 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 <a href="http://www.destatehousing.com/ddd">http://www.destatehousing.com/ddd</a> to access program guidelines, applications, forms, an interactive DDD map and links to other DDD related information.

DDD Act of 2014	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.	
Districts	<ul> <li>Designated January 11, 2015: Dover, Seaford and Wilmington</li> <li>Designated August 10, 2016: Georgetown, Harrington, Laurel, Milford and Smyrna</li> <li>Designated August 19, 2019: Clayton, Delaware City, Middletown and City of New Castle</li> </ul>	•
Funding Set Asides	<ul> <li>Large Project and Small Project set asides ensure a variety of projects have ample access to funding</li> <li>Large Project set aside funding is divided into a General Pool and a District Pool (50/50)</li> <li>District Pool funding is allocated between the Districts based on population</li> </ul>	•
Qualified Investment	<ul> <li>Qualified Real Property Investment (QRPI) must be greater than \$350,000</li> <li>Minimum Qualified Investment Threshold (MQIT) is \$350,000</li> </ul>	•
DDD Investors	<ul> <li>Eligible Investors: Property owners (occupant or non-occupant), tenants of eligible property owners, for-profit developers, nonprofit organizations, businesses and homeowners</li> <li>In-eligible Investors: Federal, state or local government, in any form.</li> </ul>	•
DDD Rebate	<ul> <li>Eligible investors may receive a rebate of <u>up to 20%</u> of eligible costs upon completion</li> <li>Maximum rebate is <u>\$2.0 million</u> and requires an eligible investment greater than <u>\$27.5 million</u></li> </ul>	•
Reservation Application	<ul> <li>Annual fall application round; additional spring round, if funding is available</li> <li>Competitive application process based on priority considerations, only if round is oversubscribed</li> <li>Reservation award is required to participate in rebate program</li> <li>Reservation guarantees funding availability only</li> <li>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)</li> <li>Requires a CPA Attestation of Costs (associated cost not eligible for rebate)</li> </ul>	•
Minimum Threshold Criteria	<ul> <li>QRPI must be made within the boundary of a designated District</li> <li>QRPI must be made <u>after</u> the date the real property is incorporated into the District boundary</li> <li>QRPI must be in conformance and support the goals of the approved District plan</li> <li>QRPI must be in excess of the required MQIT</li> <li>Real property must be located in the District at time of application</li> <li>Investors must meet site control requirements</li> </ul>	•
Additional Criteria for Large Projects	<ul> <li>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</li> <li>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</li> <li>Readiness to initiate and complete project within 3 years from date of Reservation</li> <li>Ability to be 15% substantially commenced within 1 year from date of Reservation</li> <li>Ability to obtain full-site control within 120 days from date of Reservation</li> </ul>	•

Eligible Expenses and	Eligible capital investments necessary for the rehabilitation, expansion, or new construction of commercial, industrial, single or multi-family residential, or mixed-use building/facility
Activities	Expenses generally referred to as "hard costs" that are associated with the building structure
(Refer to	Structural, mechanical, electrical and accessibility improvements to the <u>building/facility</u>
Appendix B in	Limited costs for commercial appliances/equipment related to commercial business activities
the guidelines for details)	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 <u>sin</u> 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 Estate in and Establishment (e.g. defined in 24 Bel. C. 45 check packing facilities to be seen as the second of the s
	<ul> <li>'Adult Entertainment Establishments' as defined in 24 Del. C. 16, check cashing facilities, tobacco-only retailers (includes vape shops) or recreation-only marijuana retailers</li> </ul>
	<ul> <li>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.)</li> </ul>
	Investments made to property owned by federal, state, or local government
	Institutional related activities: Hospitals, public and private schools, universities and colleges
jor details)	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	<ul> <li>Investors are required to contact their state and local municipality's inspection and planning department for accessibility requirements</li> </ul>
Cash	Cash transactions are <u>highly discouraged</u> and require confirmation from both parties
Expenditures	Inclusion of cash transactions for rebate consideration will be solely determined by DSHA
	General Contractors must meet program requirements
Use of Contractors	Work must be performed by a registered and <u>licensed</u> <b>Delaware</b> contractor
Contractors	Contractor invoices must be itemized and meet program standards
	Investors must comply with all state and local municipality permit and inspection processes
Placed-in- Service Date	• Final placed-in-service documentation is determined by the jurisdiction (e.g. Certificate of Occupancy, Final Building Inspection, etc.)
Jei vice Date	<ul> <li>Investors have <u>60 days</u> from the <u>placed-in-service date</u> to apply for a Rebate</li> </ul>
	Investment must be completed within <u>3 years</u> of Reservation date
Reservation	Investment must substantially commence within <u>1 year</u> of Reservation date
	Full-site control required <u>within a 120 days</u> from Reservation date
Award	DSHA will determine final Reservation award and Conditions of Funding
	Reservation awards may be rescinded by DSHA if Conditions of Funding are <u>not</u> 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	Tunisha Scott, Community Development Manager     Tunisha.Scott@delaware.gov or 302-739-0221
	Kimberly Edwards, Community Development Analyst II     Kimberly.Edwards@delaware.gov or 302-739-0240
	Contact Information for Districts can be found in Appendix E of the DDD Rebate Program Guidelines
	- Contact information for Districts can be found in Appendix L of the DDD Repate Program Guidelines

## DDD LARGE PROJECT REBATE PROCESS

## STEP 2 STEP 1 STEP 3 Investor contacts DSHA to discuss DDD Investor contacts District to discuss Investor applies to DSHA for a Large Project Rebate Program, program eligibility, costs proposed project, available incentives Reservation when funding round is open eligible for Rebate and the application and conformity to District Plan process STEP 4 STEP 5 STEP 6 Conditions of Funding - Benchmark 1 DSHA announces Reservation awards. Investor should engage with a CPA to Full Site Control required within 120 days of Awardees receive official Reservation with perform Attestation of Costs **Conditions of Funding** Reservation award date STEP 7 STEP 9 STEP 8 Conditions of Funding – Benchmark 2 Project completed and placed in service Conditions of Funding – Benchmark 3 (Certificate of Occupancy issued or project Project required to be 15% substantially Project required to be 100% completed appropriate document such as final commenced within one (1) year of within three (3) years of Reservation date Reservation award date inspection) **STEP 10 STEP 12 STEP 13** Investor has 60 days from placed-in-service Investor applies for Rebate DSHA reviews submitted documentation, date to apply to DSHA for rebate requests additional information if necessary CPA Attestation of Costs and required to calculate final Rebate amount (Investor/CPA should be working on documentation submitted to DSHA finalizing Attestation of Costs) **STEP 14 STEP 15 STEP 16** DSHA inspector performs a physical DSHA accounting department processes For investments located in Kent or Sussex inspection to verify costs submitted match rebate check and Director signs rebate Counties, DSHA will forward information to work performed, completeness of project award letter the appropriate county on the investor's and evidence of proper inspections

Letter and Rebate check sent to Investor

behalf for additional grant consideration