



# Downtown Development Districts

FISCAL YEAR 2021 ANNUAL REPORT



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# Summary

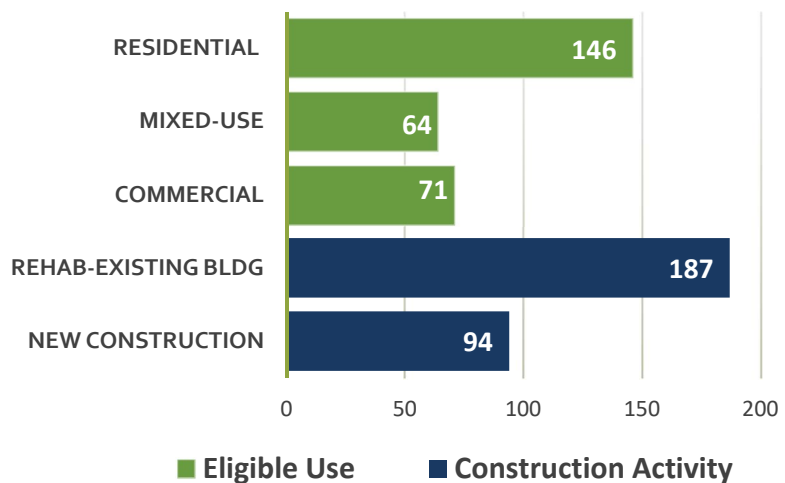
This annual report highlights achievements and projects of the Downtown Development District (DDD) program which was created to promote the revitalization of designated downtown areas. Since 2015, the program has been a catalyst for private investment turning distressed areas into vibrant community centers. In spite of the COVID-19 pandemic hits that were particularly hard on the many small unique businesses that anchor downtowns, the elements that make them the heart and soul of our communities are still in place. Combined with the strong partnerships and powerful incentives, Fiscal Year 2021 has seen record activity with the completion of 60 projects. Numerous other projects are still underway and continued demand for the DDD rebate reinforce prior downtown successes.

The Division of Small Business, Delaware State Housing Authority, and the Office of State Planning Coordination collaborate to bring training, online resources, marketing material and coaching to support Districts in attracting private investment and redevelopment. This complements local collaborations with public and private partners. We look forward to continuing these successful efforts that are revitalizing so many of Delaware’s communities.



**\$1**  
State Funds  
=  
**\$18**  
Private Investment

### Eligible Use and Construction Activity



## Program Overview

In 2014, The Downtown Development District Act was adopted to promote the revitalization of designated districts by leveraging state and local resources to:

- Spur private capital investment
- Improve commercial vitality
- Build stable communities of long-term residents

### *How it Works*

Local governments identify an area in their downtowns for revitalization and develop a District Plan and local incentives. The **Office of State Planning Coordination (OSPC)** facilitates the application process for designation as a District. The Cabinet Committee on State Planning Issues evaluates the applications and makes recommendations to the Governor for final designation. There are currently twelve Districts.

January 2015	August 2016	August 2019
Dover	Georgetown	Clayton
Seaford	Harrington	Delaware City
Wilmington	Laurel	Middletown
	Milford	New Castle
	Smyrna	

## Investor Incentives

Once designated, investors making real property investments within a District boundary are eligible for a variety of state and local incentives. The primary state-level incentive is the DDD Rebate and is administered by the **Delaware State Housing Authority (DSHA)**.

- **DDD Rebate:** The rebate provides up to 20 percent of capital costs.
- **Historic Preservation Tax Credits:** The Act reserves 30 percent of the State's yearly allocation of Historic Preservation Tax Credits for projects within a District.
- **Municipal Incentives:** Each municipality implements a package of District-specific incentives specific. Examples include:
  - Reduction or waiver in fees or taxes
  - Permit process reform
  - Special zoning districts or exemptions from local ordinances
  - Façade improvement grants

- **Partner Incentives:** Other entities, who see value in the program, provide additional incentives that work in concert with one another to produce a compelling, meaningful package.

Single-family Residential	
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$102,835</b>
Qualified Real Property Investments	\$94,017
DDD Rebate	\$18,803
District Incentives	\$851
Kent County Grant	\$1,500
<b>Total Incentive Value</b>	<b>\$21,154</b>
	
Commercial	
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$235,927</b>
Qualified Real Property Investments	\$235,927
DDD Rebate	\$47,059
District Incentives	\$1,000
Kent County Grant	\$10,000
<b>Total Incentive Value</b>	<b>\$58,059</b>
	

*The different projects above demonstrate the potential monetary value of layering different incentives.*

## Partner Incentives

### Delaware State Historic Preservation Office

Reserves thirty percent of state's yearly allocation of Historic Preservation Tax Credit for District projects.

### Delaware Div. Small Business

Provides small business assistance. EDGE Grants provide up to \$100,000 for STEM-based companies. Projects located in District receive points in competitive application process.

### Sussex County

Matches \$.50 of every DDD rebate dollar up to \$10,000.

### Kent County

Matches \$.50 of every DDD rebate up to \$10,000.

### Energize Delaware

Increased Home Performance with ENERGY STAR program rebates.

### Cinnaire

As CFDI, offers Bridge Loan for investors by monetizing 'Reserved' funds up front.

### NCALL

As CFDI, provides financing for neighborhood revitalization projects.

## Rebate Overview

The DDD Rebate is provided to **Qualified District Investors** who make a **Qualified Real Property Investment (QRPI)** within a District. Rebates are performance-based as the project must be completed prior to applying for funds. The QRPI must meet a **Minimum Qualified Investment Threshold (MQIT)** of \$25,000 for Small Projects and \$350,000 for Large Projects.

- **Qualified District Investor:** An entity or individual making capitalized Qualified Real Property Investments within a District. This can be:
  - Owners of real property
  - Tenants making capitalized leasehold improvements with owner's permission
  - For-profit developers, nonprofit organizations, businesses, and homeowners

**Federal, state, and local government agencies and quasi-government organization are ineligible to participate in the rebate program in any form.**

- **Qualified Real Property Investment:** The amount chargeable to a capital account for eligible improvement costs to rehabilitate, expand, or construct a commercial, residential, or mixed-use building or facility located within a District.

**Reservation Process:** A reservation is required for Large Project Investors to provide assurance that funding will be available once their project is completed.

**Threshold Requirements:** The project must:

- be located within a designated District.
- conform to the District Plan.
- have a QRPI must in excess of the MQIT.
- have demonstrated site control by Investor.

**Everett Theatre, Middletown**  
*Renovation of this Historic building included HVAC, duct work, furnace, and substantial roof repair.*

Photo Credit:  
Rachel Alfano



**Small and Large Project Set-Asides:** Established to ensure a variety of projects.

Small Project Set-Aside	Large Project Set-Aside
Minimum QRPI: \$25,000	Minimum QRPI: \$350,000
Maximum rebate: \$70,000	Maximum rebate: \$2,000,000
Can apply as long as funding is available	Reservation is required

**District Pool:** To ensure that Investors from all Districts have reasonable access to DDD funding, the Large Project has a District Pool, which is calculated based District population.

**Priority Consideration:** When reservation requests exceed available funding, priority consideration is given to projects that meet mutual state and local community objectives.

- Readiness to proceed
- Creates permanent jobs
- Provides mixed-use development
- **Expands housing opportunities**
- Protects historic resources
- Actively reuses existing structures
- Promotes sustainable practices

**Saville Deerot LLC, Wilmington**  
*Renovation of the beautiful Saville building modernizing 42 apartments, common areas and large ground floor retail.*

Photo Credit:  
Yada Properties



## Program Resources

DSHA, works with State and local partners to regularly evaluate and incorporate improvements to ensure program success. Partnering with OSPC and Delaware Division of Small Business (DSB) as a resource team has been successful in bringing resources and programming to assist District staff in attracting new development.

- **Central Incentives Website:** The OSPC and DSHA created a [centralized website](#) where potential Investors can view all available incentives in DDDs. It links to each municipality's incentives as well as other useful incentives and programs.
- **DDD Story Map:** This [interactive web map](#) highlights private investment for both Large and Small Projects within each District. The Story Map was developed in cooperation with the University of Delaware's Institute of Public Administration.
- **Education and Training:** Both OSPC and DSHA regularly provides training, through online and in-person workshops, to different audiences on various topics, such as training for elected officials of Districts or Investors.
- **Promotional Materials:** In partnership with the University of Delaware, District-specific templates were developed for printable promotional materials (18" W x 24" L posters, Fliers, Window clings) and digital tools (social media posts and short videos).
- **Community Development Coach:** The DSB and DSHA pooled resources to hire a consultant to assist Districts in building capacity to attract new businesses, or expand existing businesses within their District. Highlights of work include:
  - **One-on-one coaching** of District administrators.
  - **Technical assistance** to existing and potential investors in partnership with District administrators.

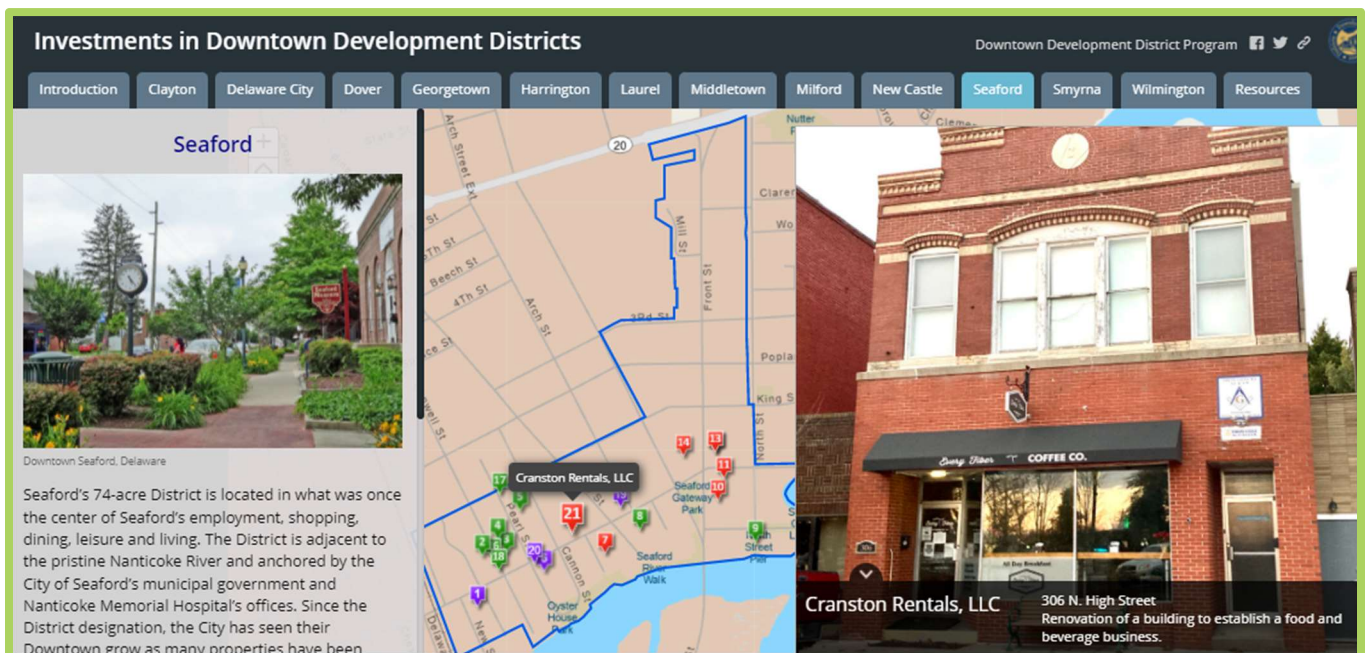




- Assisting Districts in developing a **“Community Inventory of Projects and Prospects.”** This tool proactively engages District staff and property owners in mutual planning and identifying assistance needed to move properties to a ‘shovel-ready’ status.

**New Initiatives:** This unique collaboration between DSB, OSPC, DSHA and the Community Development Coach has been very effective. In addition to existing resources, the team is working on the following:

- Create and regularly distribute a **DDD Resource Team e-Newsletter** to provide timely information and resources.
- To assist towns in maintaining current online information, the Team developed an **online integrated DDD Website template** across Districts where information is provided and updated centrally. While the template is standardized, there is enough flexibility to allow each community to promote their unique content. So far, the Resource Team created a webpage template (“proof of concept” for Clayton and Dover). This template was favorably reviewed by all of the DDD communities and we look forward to completing these web pages for all DDD communities.
- Expand *completed* ‘Community Inventory’ into **‘Business and Building Inventories’** to match “end-users” of downtown space with available space. Information on now shovel-ready sites can then be incorporated into existing inventories, such as the one maintained by the Delaware Prosperity Partnership.

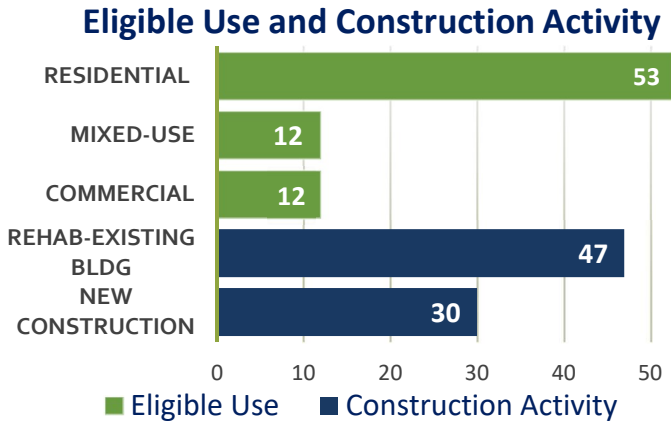


Source: DDD Interactive Story Map

# FY 2021 Program Activity

While the State, like the rest of the nation, is still recovering from impacts of a global pandemic, this past year has seen record activity as 5 Large and 55 Small Projects were completed receiving a total of \$2.5 million in state funds. In addition to the numerous projects already underway, \$10 million in state funds were reserved for 17 large projects and are expected to leverage \$250 million in private investment. Altogether, approximately \$12.6

million in DDD funds is leveraging \$270 million in private investment.



The majority of all projects were residential creating a range of housing opportunities building a strong customer base for nearby businesses. The remaining projects were divided between mixed-use or commercial uses. Most projects were accomplished through rehabilitation

of existing buildings often removing blight. In addition, several historic properties were renovated helping to preserve the character of downtowns. Rehabilitating mixed-use buildings are increasing the number and type of living options (typically in the above floors) while active first floor commercial and retail are key elements of successful downtowns. See the Appendix Tables for more information on all FY 2021 projects.

## Summary of Fiscal Year 2021 Activity

Large Projects Reservations	Total Development Cost (TDC)	Reservation/ Rebate	#
Round 12 Fall	\$77,882,668	\$4,714,142	9
Round 13	\$171,644,142	\$5,258,490	8
<b>Subtotal</b>	<b>\$249,526,810</b>	<b>\$9,972,632</b>	<b>17</b>
<b>Rebates Issued</b>			
Small Projects	\$9,983,035	\$1,271,708	5
Large Projects	\$10,209,326	\$1,214,341	55
Subtotal	\$20,192,361	\$2,486,049	60
<b>Grand Total</b>	<b>\$269,719,171</b>	<b>\$12,458,681</b>	<b>77</b>

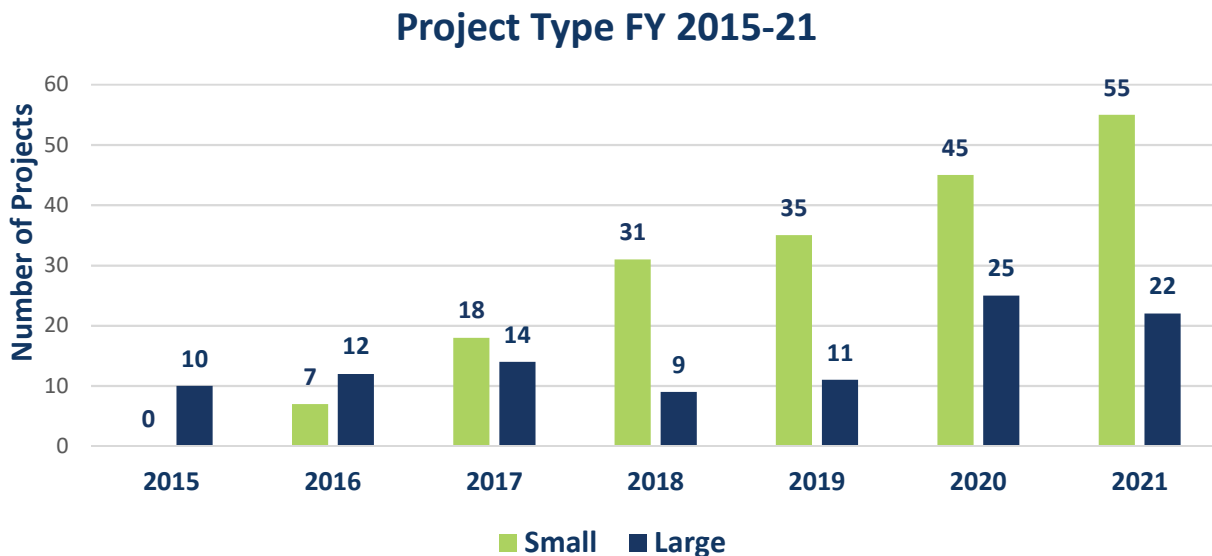
# FY 2015-2021 Program Activity

The rebate continues to be extremely successful. Since early 2015, there have been 235 projects completed and placed in service. These projects have used \$19.4 million in state DDD funds to leverage \$312 million in private investment. The total pool of completed projects and reserved projects (still in construction) represent \$42.8 million in state DDD funds leveraging \$836 million in private investment. This represents 90 Large Projects and 191 Small Projects.

As indicated in the Summary, the largest percentage of projects have been for residential, followed by commercial and mixed-use. A majority of these projects have been for rehabilitating existing buildings, with the remaining project being new construction.

## Project Type

Each year, the number of Small Projects has grown. In 2021, there were 55 Small Projects completed among the twelve Districts. The table below shows how number of Small and Large Projects have grown over time. Unlike Large Projects, reservations are not required for Small Projects. As a result, it is difficult to project the number of Small Projects currently underway.



## District Usage

Partnerships and strong incentives are facilitating private investment in both Small and Large Projects in all designated Districts. However, Wilmington has seen more Large Projects than all other Districts combined. This is reflected in amount of DDD Rebate funds and amount of private investment leveraged. Most of the Large Projects in Wilmington are the rehabilitation of existing buildings to incorporate commercial and residential spaces. However, Small Projects double the number of Large Projects. Residential use continues to comprise the majority of Small Projects, as non-profit organizations, such as NCALL, Inc., Milford Housing Development Corporation, and Habitat for Humanity construct new homes for sustainable homeownership. Increased homeownership is a goal in many District Plans to balance the housing tenure.

Overall the initial Districts in Dover, Seaford and Wilmington have seen much of the project activity. However, the active marketing of the DDD program by Milford is resulting in an infusion of projects and private investment. Harrington is also experiencing a substantial number of projects, which is impressive given that it is one of the smaller and newer Districts. The chart below shows how many projects have been completed in each District FY 2015 through FY 2021. It is important to note it does not include projects that are still under construction.

### Rebated Projects by District FY 2015-21

District	DDD Rebate	Private Investment	Large Projects	Small Projects
Delaware City	\$ 149,980	\$ 961,889	0	7
Dover	\$ 1,150,624	\$ 9,334,546	4	39
Georgetown	\$ 530,044	\$ 4,123,989	1	5
Harrington	\$ 656,441	\$ 4,082,221	1	22
Laurel	\$ 191,802	\$ 1,177,115	0	12
Middletown	\$ 128,663	\$ 970,110	1	2
Milford	\$ 1,511,789	\$ 10,624,634	4	37
New Castle (City)	\$ 62,811	\$ 604,388	0	3
Seaford	\$ 1,765,075	\$ 20,761,983	3	22
Smyrna	\$ 552,560	\$ 3,936,842	1	14
Wilmington	\$ 12,696,001	\$ 255,337,866	29	28

NOTE: Only Districts with activity were included in table.

# Appendix: Downtown Development District Tables

Summary (FY15-FY21), ending 6/30/21

Table 1: DDD Rebates Issued To-Date by Eligible Use

Large Projects	Total Development Cost (TDC)	Qualified Real Property Investment (QRPI)	Rebate	#
Commercial	\$98,043,836	\$77,727,069	\$5,298,268	16
Mixed Use	\$146,390,428	\$91,174,361	\$7,314,856	21
Residential	\$37,235,556	\$24,235,665	\$2,348,745	7
	<b>\$281,669,820</b>	<b>\$193,137,095</b>	<b>\$14,961,869</b>	<b>44</b>
<b>Small Projects</b>				
Commercial	\$8,972,700	\$5,785,196	\$1,152,599	46
Mixed Use	\$5,143,306	\$4,270,888	\$814,913	22
Residential	\$16,453,261	\$12,357,314	\$2,466,410	123
	<b>\$30,569,267</b>	<b>\$22,413,398</b>	<b>\$4,433,922</b>	<b>191</b>
<b>Large/Small Projects</b>				
Commercial	\$107,016,536	\$83,512,265	\$6,450,867	62
Mixed Use	\$151,533,734	\$95,445,249	\$8,129,769	43
Residential	\$53,688,817	\$36,592,979	\$4,815,155	130
	<b>\$312,239,087</b>	<b>\$215,550,493</b>	<b>\$19,395,791</b>	<b>235</b>

Table 2: DDD Rebates Issued To-Date by Activity

Large Projects	TDC	QRPI	Rebate	#
New Construction	\$94,820,529	\$76,119,787	\$4,069,910	10
Rehab-Existing	\$186,849,291	\$117,017,308	\$10,891,959	34
	<b>\$281,669,820</b>	<b>\$193,137,095</b>	<b>\$14,961,869</b>	<b>44</b>
<b>Small Projects</b>				
New Construction	\$9,919,870	\$7,834,040	\$1,562,596	66
Rehab-Existing	\$20,649,397	\$14,579,358	\$2,871,325	125
	<b>\$ 30,569,267</b>	<b>\$ 22,413,398</b>	<b>\$ 4,433,921</b>	<b>191</b>
<b>Large/Small Projects</b>				
New Construction	\$104,740,399	\$83,953,827	\$5,632,506	76
Rehab-Existing	\$207,498,688	\$131,596,666	\$13,763,284	159
	<b>\$312,239,087</b>	<b>\$215,550,493</b>	<b>\$19,395,790</b>	<b>235</b>

## Summary FY21

**Table 3: Large Project Reservations - Announced Fall 2020**

Investor	District	Eligible Use	Project Cost	Rebate/ Reservation
The Residences at River Place LLC (2)	Seaford	Residential	\$7,629,601	\$660,000
308 Market LLC	Wilmington	Mixed Use	\$12,016,365	\$620,000
Habitat for Humanity of NCC	Wilmington	Residential	\$1,410,800	\$191,450
Saville Deerot LLC	Wilmington	Mixed Use	\$5,209,500	\$241,700
NCALL *	Dover	Commercial	\$2,146,000	\$361,492
Greenlea LLC *	Georgetown	Commercial	\$2,145,822	\$379,500
Shadaw Enterprises, LLC *	Smyrna	Commercial	\$9,836,026	\$660,000
105 West 7th LLC *	Wilmington	Residential	\$9,771,667	\$580,000
DAD 1220 N. Market Street, LLC *	Wilmington	Commercial	\$27,716,887	\$1,020,000
<b>LP-Round 12, FY21 TOTAL</b>		<b>9</b>	<b>\$77,882,668</b>	<b>\$4,714,142</b>

\* Returned and resubmitted reservations

**Table 4: Large Project Reservations - Announced Spring 2021**

Investor	District	Eligible Use	Project Cost	Rebate/ Reservation
1007 Market Residential Owner LLC	Wilmington	Mixed Use	\$4,598,930	\$500,000
212 9th LLC	Wilmington	Mixed Use	\$3,461,574	\$381,574
801 Orange LLC	Wilmington	Mixed Use	\$80,162,986	\$2,000,000
Midtown Apartments LLC	Wilmington	Mixed Use	\$2,578,008	\$241,683
Shipleigh Partners LLC	Wilmington	Commercial	\$1,160,596	\$117,722
10Front LLC *	Milford	Mixed Use	\$648,533	\$107,511
317 Market, LLC *	Wilmington	Residential	\$5,665,602	\$560,000
BPG Office Partners VIII LLC *	Wilmington	Mixed Use	\$73,367,913	\$1,350,000
<b>LP-Round 13, FY21 TOTAL</b>		<b>8</b>	<b>\$171,644,142</b>	<b>\$5,258,490</b>

\* Returned and resubmitted reservations

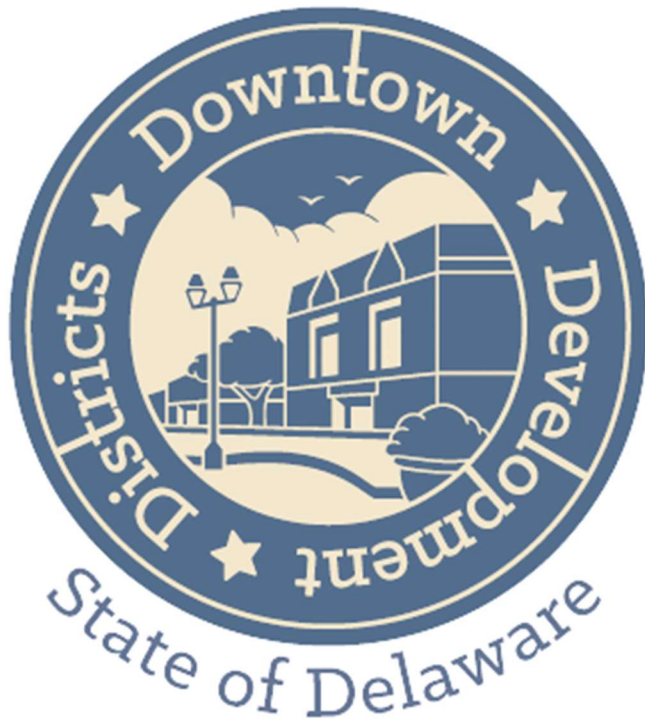
**Table 5: Small Projects – Rebates Issued Fiscal Year 2021**

Investor	District	Eligible Use	Project Cost	Rebate/Reservation
A & E Property Solutions, LLC (1)	Milford	Residential	\$126,742	\$17,033
CD Habitat for Humanity (11)	Dover	Residential	\$181,311	\$20,197
Everett Theater	Middletown	Commercial	\$203,720	\$11,055
Whittaker Brothers Inc. (1)	Delaware City	Residential	\$167,852	\$30,687
Milford Housing Development Corporation (1)	Laurel	Residential	\$199,523	\$22,539
Eric Waterman	Smyrna	Residential	\$54,358	\$9,309
Milford Housing Development Corporation (2)	Laurel	Residential	\$135,594	\$23,461
Milford Housing Development Corporation (3)	Laurel	Residential	\$129,638	\$22,213
Epic Homes LLC	Georgetown	Residential	\$197,000	\$27,534
Milford Housing Development Corporation (4)	Laurel	Residential	\$116,974	\$21,573
Whittaker Brothers, Inc. (2)	Delaware City	Residential	\$280,000	\$38,091
A & E Property Solutions, LLC (2)	Milford	Residential	\$102,705	\$15,136
Kenneth Kost	Smyrna	Residential	\$26,163	\$5,199
Thomas G. Rash III	City of NC	Residential	\$425,000	\$41,460
Trinity Redevelopment (1)	Seaford	Residential	\$230,000	\$40,409
318 Front Street. LLC	Seaford	Residential	\$105,000	\$19,937
Exchange Property LLC	City of NC	Residential	\$63,395	\$12,080
MMJ Properties LLC	Harrington	Residential	\$228,508	\$33,382
Bigg Jim's Homes LLC (2)	Smyrna	Residential	\$84,752	\$15,697
A & E Property Solutions, LLC (3)	Milford	Residential	\$83,274	\$11,830
Whittaker Brothers, Inc (3)	Delaware City	Residential	\$194,000	\$29,591
Stephens Management Corp	Laurel	Residential	\$48,046	\$9,609
Cindy Phipps	Delaware City	Residential	\$25,471	\$5,094
Bigg Jim's Homes, LLC (3)	Smyrna	Residential	\$250,000	\$20,095
Bigg Jim's Homes, LLC (4)	Smyrna	Residential	\$250,000	\$19,636
KJ3 Property Investments, LLC	Smyrna	Residential	\$220,620	\$39,622
Investor World, LLC	Wilmington	Residential	\$28,834	\$5,347
Schatz-Messick Enterprises LLC (7)	Harrington	Residential	\$101,778	\$19,058

**Table 5 - Continued**

Investor	District	Eligible Use	Project Cost	Rebate/Reservation
Snapshot Real Estate Solutions, Inc.	Milford	Residential	\$79,758	\$10,254
CD Habitat for Humanity (12)	Dover	Residential	\$205,511	\$18,132
CD Habitat for Humanity (13)	Dover	Residential	\$217,991	\$29,328
Friend of a Farmer LLC	Milford	Residential	\$729,661	\$70,000
Trinity Redevelopment LLC (2)	Seaford	Commercial	\$93,240	\$16,568
Aaron Vederman & Dwayne Foster	City of NC	Residential	\$115,993	\$9,271
Bigg Jim's Homes, LLC (4)	Harrington	Residential	\$230,000	\$19,436
Commerce Holding LLC	Smyrna	Residential	\$194,000	\$13,814
NCRC Housing Rehab Fund, LLC	Wilmington	Residential	\$257,185	\$38,898
Rebecca Keifer	Delaware City	Residential	\$26,620	\$5,324
Blue Hen Construction (3)	Harrington	Residential	\$155,000	\$21,420
Wagner Deerot LLC	Wilmington	Residential	\$38,000	\$7,180
Randy Hill (1)	Laurel	Residential	\$104,000	\$16,063
CD Habitat for Humanity (14)	Dover	Residential	\$178,549	\$17,827
Blue Hen Construction (4)	Harrington	Residential	\$157,915	\$22,336
Craig de Mariana Aleman (6)	Seaford	Residential	\$57,745	\$9,703
Archie L. Pierce	Harrington	Residential	\$53,384	\$10,677
Michael Jackson	Delaware City	Residential	\$38,946	\$7,781
Randy Hill (2)	Laurel	Residential	\$104,000	\$17,363
Bigg Jim's Homes LLC (5)	Smyrna	Residential	\$230,000	\$17,550
ALB Futures LLC	Middletown	Commercial	\$61,390	\$12,278
301 Market, LLC	Wilmington	Commercial	\$453,000	\$70,000
E Gray Investments	Milford	Residential	\$171,150	\$31,131
Whittaker Brothers, Inc.	Delaware City	Residential	\$229,000	\$33,412
224 9th LLC	Wilmington	Mixed Use	\$554,103	\$70,000
226 9th LLC	Wilmington	Mixed Use	\$755,902	\$69,391
<b>CD Habitat for Humanity (15)</b>	Dover	Residential	\$230,733	\$19,697
<b>FY21 TOTAL</b>		<b>55</b>	<b>\$9,983,035</b>	<b>\$1,271,708</b>





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