

Downtown Development Districts

FISCAL YEAR 2022 ANNUAL REPORT



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Summary

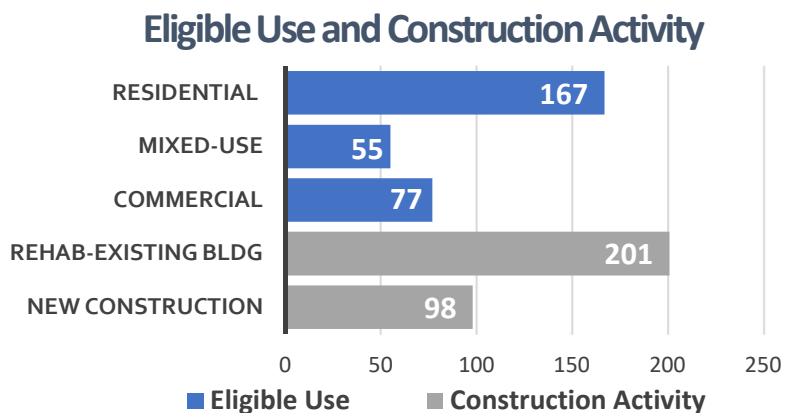
In 2014, the Downtown Development District (DDD) Act was created to direct and accelerate private investment in designated business corridors and surrounding neighborhoods. Through state and local collaborations, robust incentives are provided to overcome the financial barriers and redevelopment challenges associated with downtown infill development.

In accordance with the enabling legislation, this annual report highlights the program’s activities and success as a valuable and effective resource for communities that have long struggled with revitalization. Since its inception, the DDD program has been a catalyst for private investment, with numerous Small and Large Projects helping to transform distressed downtown areas into vibrant community centers. Even with the rise of remote working and online shopping that can cripple small businesses, strong activity over the past year has created a range of housing opportunities, reduced blight, and supported existing and new businesses. This was accomplished through new construction, renovating and adaptively reusing vacant buildings, and preserving important historical structures. With numerous projects underway and continued strong demand for DDD funding, we are optimistic for the future of Delaware’s downtowns and the opportunities they hold for everyone.

Fiscal Years 2015 - 2022

12
248
109
Designated Districts
Small Projects
Large Projects*

\$1
State Funds
=
\$10.3
Private Investment



** Includes both completed and active projects*

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

District Designation

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

Dover
Seaford
Wilmington

August 2016

Georgetown
Harrington
Laurel
Milford
Smyrna

August 2019

Clayton
Delaware City
Middletown
New Castle

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, that see value in the program, provide additional incentives that work in concert with one another to produce a compelling, meaningful package.

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 develops, 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.

Transforming Distressed Communities

**Ninth Street Holdings LLC
New Castle**

A dilapidated structure, considered a blight on the neighborhood, was demolished and replaced with six townhomes with brick facades.



Photo Credit: Ninth Street Holdings LLC

- **Threshold Requirements:** The project must:
 - be located within a designated District.
 - conform to the District Plan.
 - have a QRPI greater than the MQIT
 - demonstrate site control by the Investor.
- **Small and Large Project Set-Aside:** A reservation is required for Large Project Investors to provide assurance that funding will be available.

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:** This Pool, which is calculated based on District population, ensures that Investors from all Districts have reasonable access to DDD funding.
- **Priority Consideration:** When requests exceed available funding, priority is given to projects that meet mutual state and local community objectives.

Repurposing Existing Buildings

Triple Twelve LLC Middletown

Originally a residence dating back to the 1800s, this building has been renovated into a tasting room and beer garden for a micro-brewery.

This popular destination is attracting more visitors to Middletown while supporting surrounding businesses.



Photo Credit: Katie Talbot via *Delaware Business Times*

Program Resources

DSHA, works with state and local partners 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.

- **Central Incentives Website:** Highlights all available incentives in DDDs, including each municipality's and partner incentives.
- **DDD Story Map:** This [interactive web map](#) highlights projects within each District, providing a compelling case to potential investors as well as tangible outcomes for elected officials.
- **Education and Training:** Provided, 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:** Assists Districts in building capacity to attract new business, or expand existing businesses:
 - **One-on-one coaching** of District administrators.
 - **"On the Ground"** technical assistance to existing and potential investors in partnership with District administrators.

Key Partner Incentives

Delaware State Historic Preservation Office

Reserves thirty percent of the 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 the District receive points in competitive application process.

Sussex County

Matches \$.50 of every DDD rebate dollar up to \$10,000. Single-family units up to \$1,500.

Kent County

Matches \$.50 of every DDD rebate dollar up to \$10,000. Single-family units up to \$1,500.

Energize Delaware

Increased Home Performance with ENERGY STAR program rebates.

Cinnaire

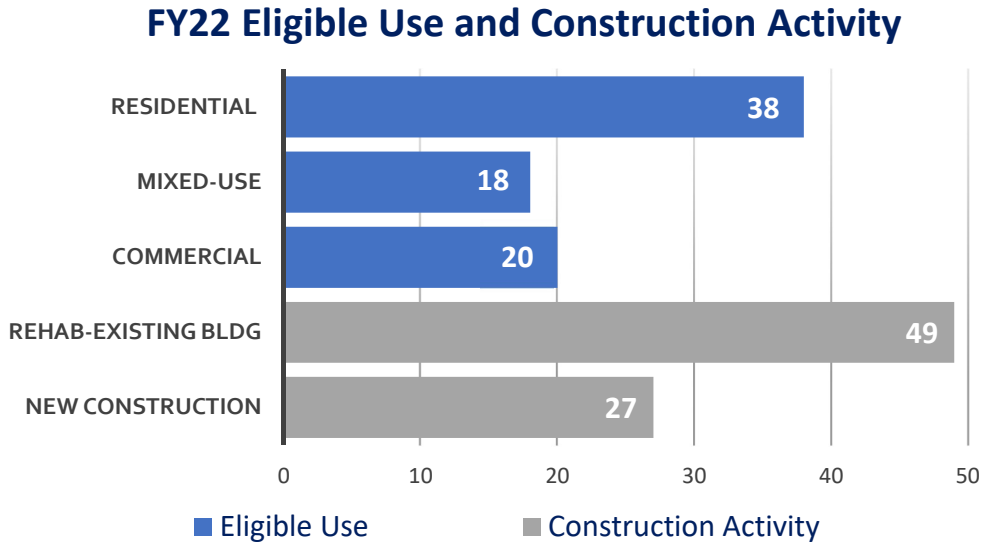
As CFDI, offers Bridge Loan for investors by monetizing 'Reserved' funds upfront.

NCALL

As CFDI, provides financing for neighborhood revitalization projects.

Fiscal Year 2022 Program Activity

This past year has seen tremendous activity as 7 Large and 57 Small Projects were completed receiving a total of \$4.6 million in state funds and leveraging \$44 million in private investment. In addition to numerous projects underway, \$6.3 million in state funds were reserved for 12 Large Projects and are expected to leverage \$67 million in private investment. Altogether, approximately \$10.8 million in DDD funds is leveraging \$111 million in private investment.



Half of all projects were residential, followed by commercial and mixed-use. The mixed-use category also increased the number and type of living options. Combined, these two categories resulted in 126 new or rehabilitated residential units. Non-profit organizations, such as NCALL and Habitat for Humanity, continued to construct sustainable homeownership units which support the goals of several Districts to increase homeownership. Also, increasing numbers of existing homeowners are using the DDD rebate to rehabilitate their homes.

Most projects were accomplished by rehabilitating existing buildings, which had been long vacant, and placing them back into productive use. In addition, several historic properties were renovated, helping to preserve the character of downtowns. Rehabilitating mixed-use buildings with commercial or retail on the first floor and residential on the upper floors.

See the Appendix Tables for more information on all FY 2022 projects.

Summary of Fiscal Year 2022 Activity

Large Project Reservations	Total Development Cost (TDC)	Reservation/ Rebate	#
Round 14 New	\$37,873,936	3,742,991	7
Round 14 Resubmissions	\$29,159,693	\$2,532,737	5
Subtotal	\$67,033,629	6,275,728	12
Rebates Issued			
Small Projects	\$14,951,027	\$1,398,077	57
Large Projects	\$28,970,566	\$3,169,293	7
Subtotal	\$43,921,593	\$4,567,370	64
Grand Total	\$110,955,222	\$10,843,098	76

Creating Sustainable Homeownership

**200Front LLC
Milford**

Long dilapidated structures were demolished over several parcels to construct and design nine affordable townhomes to complement the North Milford Historic District.



Photo Credit: 200Front LLC

Rebated Projects by District FY2022

District	DDD Rebate	Private Investment	Large Projects	Small Projects
Delaware City	\$82,593	\$515,000	0	2
Dover	\$267,234	\$2,362,678	0	10
Georgetown	\$7,798	\$39,173	0	1
Harrington	\$83,197	\$3,281,032	0	7
Laurel	\$406,980	\$2,160,695	1	0
Middletown	\$96,937	\$959,324	0	3
Milford	\$457,548	\$3,420,711	1	10
New Castle (City)	\$295,978	\$2,082,378	1	5
Seaford	\$50,668	\$377,450	0	4
Smyrna	\$145,180	\$1,412,779	0	7
Wilmington	\$2,673,257	\$27,310,374	4	8
Total	\$4,567,370	\$43,921,593	7	57

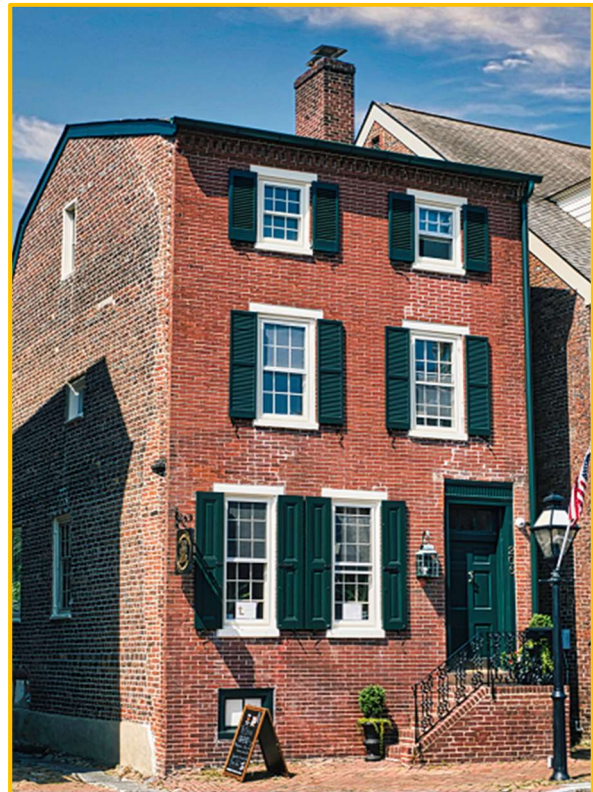
NOTE: Only Districts with activity were included in table.

Protecting Historic Resources

**206 Delaware Avenue
New Castle (City)**

The Historic “Penn House”, with portions dating back to 1682, is one of the oldest buildings in Delaware. Substantial rehabilitation, as well as historic restoration, were completed to allow the owner to reside on the second and third floors while operating a business on the first floor.

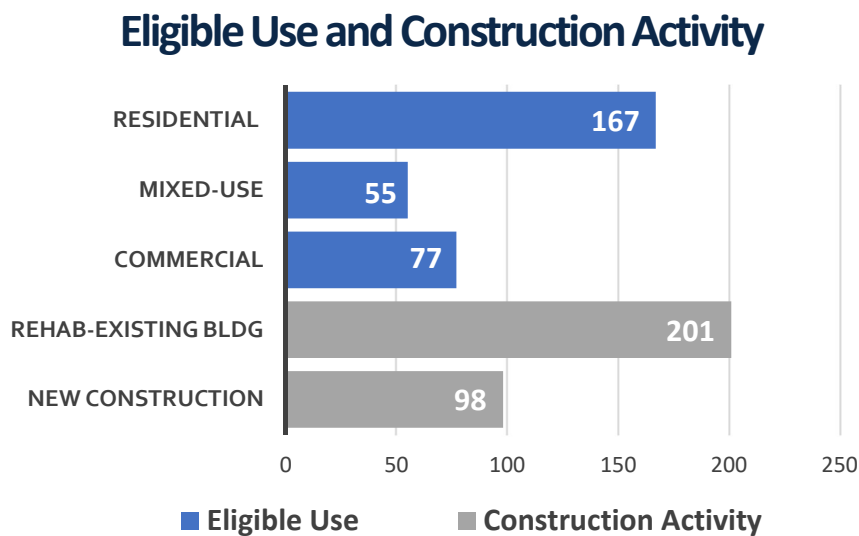
**Photo Credit: Temp Carter, Office
of State Planning Coordination**



Fiscal Years 2015-2022 Program Activity

Delaware’s investment in the DDD program has facilitated substantial downtown revitalization with the completion of 299 projects. This represents 248 Small Projects and 51 Large Projects which together used \$24 million in state DDD funds to leverage over \$356 million in private investment. In addition, there are 58 reserved Large Projects that are still under construction.

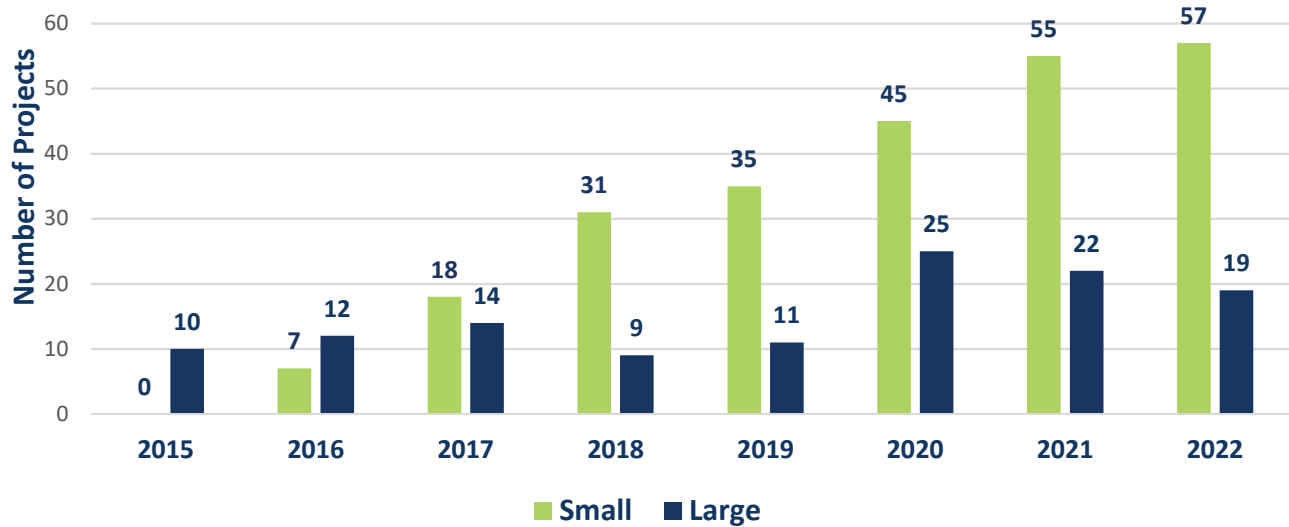
Over half of all projects have been residential, followed by commercial and mixed-use creating a range of housing options that build a strong customer base for nearby businesses. The remaining projects have been primarily rehabilitating mixed-use or commercial buildings. This strategy has proven to remove blight, increase the number and type of living options in downtown areas, and maintains a community’s unique identity.



Project Type

Each year, the number of Small Projects continues to grow culminating in 57 Small Projects completed in 2022. 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.

Project Type FY 2015-22



District Usage

This program contains provisions to ensure that investors from all Districts have access to DDD funds. The following chart highlights how many projects have been completed in each District through Fiscal Year 2022. The City of Wilmington has the most urban and populated District and has seen the most projects and private investment. There have been 33 Large Projects and 36 Small Projects completed since its designation in 2015, with \$15.4 million of state DDD funds leveraged \$283 million in private investment. Most of the Large Projects in Wilmington are the rehabilitation of existing buildings to incorporate commercial and residential spaces. The number of Large and Small Projects are even with 33 and 36 respectively.

Almost all Districts have seen a good distribution of projects, with Small Projects making the most impact. The City of Milford has created a range of strong incentives that are actively marketed to prospective investors. As a result, an infusion of projects and private investment is pouring into their District with 5 Large Projects and 47 Small Projects. Dover has the largest number of Small Projects with 49 which reflects the substantial work being done by non-profits to create sustainable homeownership. The Town of Seaford continues to be successful with its river redevelopment. Harrington is also experiencing a substantial number of projects, which is impressive given that it is one of the smaller and newer Districts. It is important to note there are active projects under construction across all Districts that are not included.

Rebated Projects by District FY 2015-22

District	DDD Rebate	Private Investment	Large Projects	Small Projects
Delaware City	\$232,573	\$1,476,889	0	9
Dover	\$1,417,858	\$11,697,224	4	49
Georgetown	\$537,842	\$4,163,162	1	6
Harrington	\$739,638	\$7,363,253	1	29
Laurel	\$598,782	\$3,337,810	1	12
Middletown	\$225,600	\$1,929,434	1	5
Milford	\$1,969,337	\$14,045,345	5	47
New Castle (City)	\$358,789	\$2,686,766	1	8
Seaford	\$1,815,743	\$21,139,433	3	26
Smyrna	\$697,740	\$5,349,621	1	21
Wilmington	\$15,369,258	\$282,648,240	33	36
Total	\$23,963,160	\$355,837,176	51	248

NOTE: Only Districts with activity were included in table.



Creating Cohesive Communities

210 Market Cooper LLC Wilmington

Several blighted structures were demolished at 206, 210, 212, 214 and 216 N. Market Street, as well as 221 and 225 N. King Street. These parcels were combined and developed into a mixed-use building with 90 market-rate apartment units and ground-floor retail and parking. The circa 1876 cast iron façade, original to the Capelle & Brother Hardware store, was retained and used as an entryway into a beautiful courtyard.

Photo Credit: 210 Market Cooper LLC

Appendix: Downtown Development District Tables

Summary - Fiscal Years 2015-2022

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

Large Projects	Total Development Cost (TDC)	Qualified Real Property Investment (QRPI)	Rebate	#
Commercial	\$103,008,114	\$81,511,122	\$5,945,527	18
Mixed Use	\$165,318,286	\$108,192,442	\$8,974,856	23
Residential	\$42,313,986	\$28,667,493	\$3,210,779	10
Subtotal	\$310,640,386	\$218,371,057	\$18,131,162	51
Small Projects				
Commercial	\$14,694,547	\$7,550,282	\$1,497,159	59
Mixed Use	\$7,268,149	\$5,225,117	\$1,005,758	32
Residential	\$23,557,598	\$16,670,746	\$3,329,082	157
Subtotal	\$45,520,294	\$29,446,145	\$5,831,999	248
Large/Small Projects				
Commercial	\$117,702,661	\$89,061,404	\$7,442,686	77
Mixed Use	\$172,586,435	\$113,417,559	\$9,980,614	55
Residential	\$65,871,584	\$45,338,239	\$6,539,861	167
Grand Total	\$356,160,680	\$247,817,202	\$23,963,161	299

Table 2: DDD Rebates Issued To-Date by Activity

Large Projects	TDC	QRPI	Rebate	#
New Construction	\$114,478,383	\$94,467,930	\$6,091,944	14
Rehab-Existing	\$196,162,003	\$123,903,127	\$12,039,218	37
Subtotal	\$310,640,386	\$218,371,057	\$18,131,162	51
Small Projects				
New Construction	\$14,090,623	\$10,559,442	\$2,107,660	84
Rehab-Existing	\$31,429,671	\$18,886,703	\$3,724,338	164
Subtotal	\$45,520,293	\$29,446,145	\$5,831,998	248
Large/Small Projects				
New Construction	\$128,569,006	\$105,027,372	\$8,199,604	98
Rehab-Existing	\$227,591,674	\$142,789,830	\$15,763,556	201
Grand Total	\$356,160,679	\$247,817,202	\$23,963,160	299

Summary - Fiscal Year 2022

Table 3.A: Large Project Reservations NEW– Round 14

Investor	District	Eligible Use	Project Cost	Reservation
39 North Walnut LLC	Milford	Mixed-Use	\$958,000	\$181,900
801 Market LLC	Wilmington	Mixed Use	\$6,434,631	\$560,000
Craig deMariana Aleman	Seaford	Mixed-Use	\$4,783,300	\$620,000
Green Middle LLC	Middletown	Commercial	\$805,454	\$161,091
Jaasiel LLC	Milford	Mixed-Use	\$6,300,000	\$620,00
Tatnall West LLC	Wilmington	Mixed-Use	\$5,793,409	\$560,000
The Choir School of Delaware	Wilmington	Commercial	\$12,799,142	\$1,040,000
LP-Round 14 NEW FY22 Total		7	\$37,873,936	\$3,742,991

Table 3.B: Large Project Reservations RESUBMITTED– Round 14

Investor	District	Eligible Use	Project Cost	Reservation
Midtown Apartments LLC	Wilmington	Commercial	\$2,416,927	\$286,683
Greenlea LLC	Georgetown	Commercial	\$2,145,822	\$379,500
317 Market, LLC	Wilmington	Commercial	\$14,161,970	\$980,000
627 Market LLC	Wilmington	Mixed-Use	\$1,328,971	\$145,554
105 West 7th LLC	Wilmington	Residential	\$9,106,003	\$740,000
LP-Round 14, Resubmitted Total		5	\$29,159,693	\$2,532,737

Table 4: Large Projects – Rebates Issued Fiscal Year 2022

Investor	District	Eligible Use	Project Cost	Rebate
Villas on Broad Creek	Laurel	Residential	\$2,160,695	\$406,980
200Front LLC	Milford	Residential	\$2,060,500	\$283,658
Ninth Street Holdings, LLC	New Castle	Residential	\$857,235	\$171,396
210 Market Cooper LLC (c/o BPG)	Wilmington	Mixed Use	\$14,579,424	\$1,160,000
Office Partners XIX Brandywine LLC (3)	Wilmington	Commercial	\$1,461,435	\$243,187
608 Market LLC	Wilmington	Commercial	\$3,502,843	\$404,072
1007 Market Residential Owner LLC (c/o BPG)	Wilmington	Mixed Use	\$4,348,434	\$500,000

Table 5: Small Projects – Rebates Issued Fiscal Year 2022

Investor	District	Eligible Use	Project Cost	Rebate
Whittaker Brothers, Inc.	Delaware City	Residential	\$335,000	\$47,647
Prime Time Properties DE, LLC	Delaware City	Residential	\$180,000	\$34,946
CD Habitat for Humanity (16)	Dover	Residential	\$185,080	\$21,059
NCALL (8)	Dover	Residential	\$275,858	\$30,201
NCALL (9)	Dover	Residential	\$275,585	\$30,201
NCALL (10)	Dover	Residential	\$230,688	\$32,319
NCALL (11)	Dover	Residential	\$229,956	\$31,113
CD Habitat for Humanity (17)	Dover	Residential	\$230,674	\$27,463
NCALL (12)	Dover	Residential	\$278,334	\$33,577
NCALL (13)	Dover	Residential	\$218,037	\$32,977
MMJ Properties LLC (2)	Dover	Residential	\$158,466	\$21,600
W & M Development, LLC	Dover	Residential	\$280,000	\$6,724
HP Layton Partnership	Georgetown	Commercial	\$39,173	\$7,798
Warfel Construction	Harrington	Residential	\$171,000	\$22,215
Warfel Construction	Harrington	Residential	\$203,272	\$28,071
Gregory B. Smith	Harrington	Commercial	\$31,442	\$6,240
T & D Developing, LLC (2)	Harrington	Commercial	\$1,400,000	\$10,190
T & D Developing, LLC	Harrington	Commercial	\$1,450,000	\$11,417
Trinity United Methodist Church	Harrington	Mixed-use	\$25,318	\$5,064
Triple Twelve LLC (Interior)	Middletown	Commercial	\$454,370	\$66,940
Triple Twelve LLC (2) (Exterior)	Middletown	Commercial	\$454,370	\$21,010
Ryan Scott	Middletown	Mixed-use	\$50,584	\$8,987
Jerry L. Embleton	Milford	Mixed-use	\$295,136	\$39,477
Gehman Masonry Inc	Milford	Residential	\$159,883	\$22,749
Jane Madden & Lyn Wellner	Milford	Residential	\$305,000	\$34,737
Bay to Beach Builders, Inc.	Milford	Residential	\$130,596	\$20,867
J & R Walnut Street Properties LLC	Milford	Commercial	\$58,288	\$10,810
Hello Masu LLC (3)	Milford	Residential	\$68,181	\$13,418
Wilner Jean	Milford	Residential	\$78,744	\$12,214

Table 5: Small Projects - continued

Investor	District	Eligible Use	Project Cost	Rebate
Avery Properties, LLC	Milford	Residential	\$35,000	\$5,938
Leah C. Foster	Milford	Residential	\$70,000	\$5,083
Mast Homes, LLC	Milford	Residential	\$159,383	\$8,597
DeAscanis Homes Inc.	New Castle	Residential	\$335,000	\$38,006
David and Lula C. Atherton	New Castle	Mixed-use	\$64,232	\$9,752
Aaron Vederman	New Castle	Mixed-use	\$100,000	\$9,184
Pam and Gary Henry	New Castle	Residential	\$652,214	\$53,624
Sheila & Martin F. Shannon Jr.	New Castle	Residential	\$73,697	\$14,016
SC Habitat for Humanity (8)	Seaford	Residential	\$146,440	\$19,953
Dios Provee LLC	Seaford	Mixed-use	\$65,706	\$8,765
Craig de Mariana Aleman (7)	Seaford	Mixed-use	\$42,850	\$7,122
Trinity Redevelopment LLC (3)	Seaford	Residential	\$122,454	\$14,828
Englishs Refurbishing	Smyrna	Residential	\$165,214	\$32,432
605 South Bay Road LLC.	Smyrna	Commercial	\$102,232	\$16,908
The Apostolic Church International	Smyrna	Commercial	\$630,981	\$42,411
Timblin Properties, LLC	Smyrna	Mixed-use	\$250,000	\$27,300
Celtic Crossing, Inc.	Smyrna	Mixed-use	\$25,971	\$5,194
Reliable Property Solutions LLC	Smyrna	Residential	\$210,390	\$15,337
Sharon B. Collins	Smyrna	Residential	\$27,991	\$5,598
Historical Society of Delaware	Wilmington	Commercial	\$295,234	\$39,665
Historical Society of Delaware	Wilmington	Commercial	\$519,105	\$70,000
Iruka MD, LLC	Wilmington	Commercial	\$87,829	\$13,977
Delaware Offices, LLC	Wilmington	Commercial	\$198,824	\$27,194
9th & Tatnall, LLC	Wilmington	Mixed-Use	\$1,205,046	\$70,000
NCRC	Wilmington	Residential	\$246,185	\$34,569
Liberty Equity Partners LLC	Wilmington	Residential	\$420,143	\$46,691
Elaine Rigas	Wilmington	Residential	\$174,000	\$25,060
NCRC	Wilmington	Residential	\$271,872	\$38,842

