



## STRONG NEIGHBORHOODS HOUSING FUND

# ***FRESH START COMMUNITIES***

*Administered by*

Delaware State Housing Authority



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Program guidelines, application materials and forms may be accessed by going to [Destatehousing.com](http://Destatehousing.com)

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

*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.*



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## **BACKGROUND**

Initially created and funded in FY15 through settlement money resulting from the 2008 foreclosure crisis, the Strong Neighborhood Housing Fund (SNHF) was designed to stabilize neighborhoods most severely impacted. The program established SNHF target areas; by 2019, property values had successfully stabilized and increased in several target areas, so DSHA expanded the target areas and added Qualified Census Tracts (QCTs) to the eligible target areas.

Prior to 2021, SNHF supported the redevelopment of approximately 200 properties with \$10MM in construction grant funding. The program was inactive from 2021 and 2025 due to COVID and COVID response American Rescue Plan (ARPA) funded programming. DSHA's relaunch of the SNHF includes significant changes to better support the current needs of the state and development climate, offering more robust support for the creation of single-family homeownership opportunities for households at or below 120% AMI and expanding target areas to better support a more comprehensive community growth strategy. This is achieved by creating separate program tracks utilizing the SNHF dollars to address multiple aspects of the single-family housing development process.

## **PROGRAM DETAILS**

***Fresh Start Communities*** will provide funding to support to municipalities in their efforts to address dilapidated and nuisance properties and "land bank" the parcels for a variety of uses including future redevelopment for affordable housing creation.

### **Eligible Applicants**

Eligible applicants are limited to municipalities throughout the State of Delaware. Related development entities, for profit, and/or non-profit development arms of the municipality are not eligible to apply for funding under this program (for example: The Downtown Dover Partnership, Public Housing Authorities, and the Wilmington Land Bank are not eligible to apply).

This program will provide funding for reimbursement of eligible expenses. To be eligible, the municipality must demonstrate site control at the time of application for funding reimbursement.

### **Eligible Property Criteria**

Properties located in the following areas are eligible to participate:

- QCTs
- Downtown Development Districts (DDD)
- Local initiatives and documented community plans such as Restoring Central Dover, East Side Rising, Wilmington Creative District, West Side Revitalization Plan, Wilmington RISE program, and others. Applicant must provide documentation at time of reservation application.

DSHA may, at its sole discretion, consider applications outside of these target areas in highly distressed neighborhoods suffering from high levels of vacancy and abandonment where strategies should be focused on stabilizing neighborhoods through vacancy and blight reduction.

Properties must:

- show clear evidence of vacancy or abandonment, such as utility shut-offs, code violations, or lack of active use and/or have been unoccupied for a minimum of one year as the date of application submission.
- be located on its own individual parcel (i.e., no condos, duplexes, etc.).

Priority will be given to applications that aggregate multiple properties in geographic proximity and contribute to a broader neighborhood revitalization.

DSHA will only consider voluntary acquisitions. Foreclosed properties that are **not** vacant will not be considered for acquisition under this program.

### **Per Unit Maximum Award**

Up to \$75,000 per property is available to support eligible acquisition and demolition activities (as defined below). Final reimbursements will be determined based on demonstrated final eligible expenditures.

### **Eligible Program Activities**

Eligible costs for reimbursement include:

- **Acquisition:** the purchase of abandoned, vacant, foreclosed or blighted properties for the purpose of demolition. Arm's length acquisition costs must be supported by an appraisal or recent comparable sales. Vacant land acquisition activities will only be considered if the municipality can demonstrate the parcel is a nuisance property and securing the property and future use of the property is part of a larger neighborhood revitalization development strategy. Vacant land acquisitions are limited to 30% of the maximum per unit award.
- **Legal cost and fees:** eligible legal costs include addressing items necessary to secure clear title of the property such as tangled title issues or outstanding fees or fines (cannot be due to the municipality applying for the funding).
- **Demolition activities:** includes costs to secure the site while working through the acquisition process such as temporary fencing or boarding up properties to prevent loitering; demolition costs associated with the removal of the eligible property; and remediation and disposal activities (such as lead and asbestos testing and remediation, dust suppression, etc.) are eligible, but all activities must be fully detailed and estimated by a qualified environmental firm and completed by licensed remediation contractors.
- **Eligible activities cannot have occurred more than three (3) months prior to application for a reservation of funding.**

Ineligible costs for reimbursement include:

- Reimbursement for municipal administration costs including, but not limited to, salaries of any staff employed by the municipality.
- Outstanding fees due and payable to the municipality including, but not limited to, water, sewer, taxes, and/or vacancy fees.
- Any work completed by unlicensed contractors.

Municipalities are responsible for obtaining all necessary approvals prior to commencing any activities (DNREC, DeIDOT, SHPO, permits, etc.). Municipalities must utilize current staff when carrying out eligible program activities.

## **APPLICATION INFORMATION**

DSHA will begin accepting reservation applications on **July 15, 2026**.

- DSHA will accept reservation applications on a rolling basis beginning on July 15 of each calendar year through May 30 of the following calendar year (e.g. July 15, 2026 – May 30, 2027) as long as funding is available.
- Each application submission is limited to 5 properties.
- Application must include:
  - Documentation that the property is located in a program eligible area.
  - Clear documentation of vacancy or abandonment.
  - Estimated scope of services to achieve final outcome, including price estimates for each activity and estimated timeline for completion. All activities must be completed within 12 months of reservation award.
  - Proposal for final use or redevelopment of vacant properties within five (5) years of completion. If proposing land banking activities or holding for future disposition (within 5 years from the date of purchase) the applicant (or identified partner) must be considered a land bank in a Delaware jurisdiction. A land bank is defined as a nonprofit organization created by a political subdivision of the State, or through an intergovernmental agreement between two or more political subdivisions of the State, and serves as the repository for vacant, abandoned, and tax-delinquent properties within the State.
- DSHA will evaluate submitted project applications for compliance with program standards prior to funding approval. DSHA will issue an award reservation for the estimated amount of the eligible activities, up to \$75,000 per property, for applications deemed eligible under program guidelines. This reservation will serve as a preliminary commitment of funding and will be active for 12 months.
- Applicants are responsible for submitting supporting documentation of all eligible costs for reimbursement. Reimbursement requests must include proof of parcel ownership by the municipality.

### **Funding Release**

DSHA must approve and issue a funding reservation prior to the start of any related activities. DSHA may consider reimbursement for eligible expenses incurred within three (3) months prior to application submission. Disbursement of the funding will occur upon submission of, and DSHA approval of, all reimbursement documentation, and contingent upon full compliance with all program requirements.

The following documents must be provided by the municipality to DSHA no later than 30 days after completion of all eligible activities. Failure to provide any one of the following documents within the stated timeframe may result in the reservation being rescinded.

- Proof of acquisition and current site control by the municipality, including supporting documentation for acquisition costs.
- Final total cost documents for all demolition and remediation activities. Active business licenses must be provided for all contractors. Active professional certifications for any Environmental Remediation contractors must be provided.
- Supporting documentation including proof of payment for all costs being submitted for reimbursement. Cash payments for eligible activities are not permitted.

### **Inspections**

DSHA will perform inspections for our purposes ***only***. A DSHA inspector will perform a physical inspection of the property to confirm:

- Parcel location
- Project completeness
- Verification that performed work supports documentation of total costs

### **Environmental Requirements**

Municipalities must hire a third-party, licensed environmental professional to conduct reviews and develop remediation and demolition plans when necessary. All reviews, testing, and remediation reports must be submitted with the reimbursement request. These may include:

- Asbestos analysis
- Lead analysis
- Soil and/or UST remediation

Municipalities must conduct environmental testing as required. Testing may include:

- **Preliminary Environmental Assessment (PEA)** - Also known as a Transaction Screening (ASTM-1528-22). This is used to determine if a Phase I Environmental Site Assessment (ESA) is needed; if no concerns are found, no further assessment is required. If concerns are found, then a Phase I ESA is required.
- **Phase I ESA:** Follows ASTM E1527-21 standards and provides a more comprehensive investigation of environmental risks.

- DSHA will accept the **HUD Environmental Assessment** under **24 CFR Part 58** as a substitute for the PEA (if applicable). This regulation outlines procedures for entities assuming HUD environmental responsibilities and includes documentation, review processes, and requirements for releasing funds.

## **OTHER PROGRAM REQUIREMENTS**

### **Program Exclusions**

- While DSHA encourages the use of **Fresh Start Communities** in the DDDs, the DDD program **cannot** be layered with the program or other SNHF tracks.
- Identity of Interest (IOI) relationships (as defined by DSHA) in projects that are funded in whole or in part with DSHA-controlled financing are prohibited.
  - DSHA defines IOI as an affiliate and/or related party that: (i) has a spousal or family relationship, parent-subsidiary relationship, or where owners, officers, directors, partners, stockholders or members of one business entity have a five percent (5%) or more interest in the other business entity; or (ii) where a substantial relationship exists between the parties directly or indirectly through (a) common family, (b) common general partners or members, (c) common control of the entities, or (d) the person or entity is otherwise controlled in whole, or in part, by the other person or entity.
- Properties are ineligible if they have been funded in whole or in part with DSHA-controlled financing within the last 7 years and/or have an active recorded affordability restriction.
- Participation in this program does not guarantee DSHA funding to support future redevelopment activities for the property/parcel.

### **Fair Housing**

Applicants agree to affirmatively further fair housing and comply with the provisions of all applicable federal, state and local law prohibiting discrimination including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended.

### **Federal and State Americans with Disabilities Act (ADA) Standards**

Applicants are required to comply with ADA Standards. Investment projects that do **not** adhere to these standards may be deemed **ineligible** for rebate. Please contact your state and/or local municipality's Inspection and Planning department to determine if any accessibility improvements are required.

### **Internal Revenue Services (IRS) Reporting**

Applicants are required to complete, sign and submit an IRS Form W-9, Request for Taxpayer Identification Number and Certification, to DSHA when applying for a grant. The W-9 "Name" must match the investor/applicant.

DSHA is required to report payments of \$600 or more during a tax year made to applicants to the IRS using the information return Form 1099-MISC.

**The Delaware Freedom of Information Act (FOIA)**

By submitting a [PROGRAM NAME], 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 any application materials to any third party until after the ranking of projects, and allocation of Reservations have been announced, or a grant has been disbursed. DSHA expressly reserves its authority to withhold all such information from third party requests pending the completion of the review and 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. All requests should be made at **[DSHA\\_FOIACoordinator@delaware.gov](mailto:DSHA_FOIACoordinator@delaware.gov)**.

## APPENDIX A - Definitions

- **Abandoned:** a property is considered abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least ninety (90) days, and the property has been vacant for at least ninety (90) days.
- **Blighted Structure:** a structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare. Furthermore, DSHA considers a structure to be blighted if it does not meet the State of Delaware Housing Code or the local building code.
- **Current Market Appraised Value:** the current market appraised value of a home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the State of Delaware by an appraiser certified and licensed in Delaware, or as otherwise approved by DSHA. Appraisals up to six (6) months prior to acquisition will be accepted.
- **Foreclosed:** a property is considered foreclosed upon at the point that, under State or local law, the mortgage company or a tax authority has seized the property through legal proceedings. A foreclosure is considered complete at the point after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transferred in lieu of foreclosure, in accordance with State or local law.
- **Vacant:** a property is considered vacant when it is empty and has been listed for sale for a minimum of one (1) year. SNHF funding may not be used to pay taxes or utilities in arrears that are due and payable to the municipality applicant.