



Downtown Development Districts Grant Program Fall 2016 Funding Round

DELAWARE STATE HOUSING AUTHORITY

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Please visit us at www.destatehousing.com.



Downtown Development Districts Act

Created to *leverage state resources* in designated downtown areas to:

- Spur private investment
- Improve commercial vitality
- Build a stable community of long-term residents





Downtown Development Districts (DDD) Grant

Key incentive to **support and *further encourage*** investment within the designated Districts

- Established by the DDD Act
- Administered by DSHA
- \$7 million appropriation in FY2015
- \$8.5 million appropriation in FY2016
- **\$8.5 million appropriation in FY2017**





Downtown Development Districts (DDD) Grant

Grant is for investors making real property investments within a designated District

- Investments must be for the expansion, rehabilitation or new construction of a commercial, industrial, residential, or mixed-use building or facility
- Grant is up to 20% of the Qualified Real Property Investment (QRPI)*

*QRPI is the total of eligible costs.





DDD Grant Minimum Requirements

- QRPI must be:
 - made within the boundary of a District
 - made in conformance with the District Plan
 - in excess of the required MQIT (deductible) or the minimum QRPI depending on set-aside
 - made after the date the real property location is officially incorporated within the boundary of a designated District
- Investor must demonstrate site control
 - legal title, sales agreement or owner's consent





Eligible Applicants

A Qualified District Investor or Investor is any entity or individual making a real property investments in a District:

- Property Owner
 - Occupant or non-occupant
- One of multiple owners
 - Must coordinate with all other owners of the property
- Tenant
 - Tenants with a valid lease may apply with the owner's permission
- Developer

State and local governments are not eligible for a DDD Grant Award.





Qualified Real Property Investment (QRPI)

Eligible Expenses and Activities

- Capital expenditures *necessary* for expansion, rehabilitation or new construction
- Only costs incurred after the real property location is officially incorporated within the boundary of a designated District
- Hard Costs only
- Structurally part of the building or facility
 - Exterior, interior, structural, mechanical or electrical improvements to the building or facility
 - Demolition (must result in a new building), excavations, grading and paving

Capital expenses associated with ensuring accessibility, per Federal and State ADA regulations, are eligible.





Qualified Real Property Investment (QRPI)

Ineligible Expenses and Activities

- ‘Adult Entertainment Establishments’*, check cashing facilities, liquor stores**, pawn or gun shops, tattoo parlors
- Soft costs, such as:
 - Site acquisition, architecture and engineering fees, impact fees, furnishings, permit and zoning fees, utilities, utility hookups, well, septic or sewer systems
 - **Refer to DDD Program Guidelines for full list.**

* *As defined in 24 Del. C. 16*

** *Businesses can sell alcohol as long as food is also sold.*





Funding Set-Asides

Two funding set-asides, Small Project and Large Project, to ensure that a variety of projects have ample access to funding.

- **Large Project - \$6,758,575**
 - For projects with a QRPI greater than \$250,000
 - Minimum Qualified Investment Threshold is \$25,000 and is treated in the same way as a deductible
 - Maximum Award is \$1,500,000
- **Small Project - \$1,000,000**
 - For projects with a QRPI between \$15,000 and \$250,000
 - Minimum Qualified Investment is \$15,000 and there is no deductible just a minimum investment
 - Maximum Award is \$50,000



Large Project Set-Aside Breakdown

The Large Project set-aside is equally divided into a **General Pool** and a **District Pool** to ensure all Districts have reasonable access to the DDD funding.

General Pool		\$ 3,379,287
District Pool		\$ 3,379,288
<i>Dover</i>	\$ 469,721	
<i>Seaford</i>	\$ 118,275	
<i>Wilmington</i>	\$ 1,551,093	
<i>Georgetown</i>	\$ 395,377	
<i>Harrington</i>	\$ 131,792	
<i>Laurel</i>	\$ 118,275	
<i>Milford</i>	\$ 334,550	
<i>Smyrna</i>	\$ 260,205	
Total Large Project Funding		\$ 6,758,575

District allocations are based on District populations.





Small Project Grant

- Applications are accepted on a rolling basis, as long as funding is available
- Eligible Investors that make QRPIs between \$15,000 to \$250,000 may apply
- Minimum qualifying investment is \$15,000
- No MQIT (deductible)
- Investors have the option to apply for a Lite-Reservation or to wait and apply after the project is fully completed and placed in service





Small Project Grant

Lite-Reservation Application

- Guarantees funding will be available upon completion of project
- Reservation is up to \$50,000 for six months*
- In addition to meeting *minimum threshold requirements*, Investor must provide:
 - Estimate of eligible costs
 - Building Permit
 - Project Description
 - Photos of depicting current condition of property

***Investors can still apply within 60 days of building or facility being completed and “placed in service”, as long as funds are available**





Small Project Grant

DDD Grant Application

- Investor applies when project is fully completed, placed in service and all project costs are paid in full
- Application and all required documentation must be submitted within **60 days** of project **placed-in-service date**
- Documentation of QRPI
 - Copies of invoices/receipts and proof of check or credit card payment
 - Cash transactions are highly discouraged, require receipts signed by both parties and confirmation from contractor that work is complete and contract is paid in full

Any contractor conducting business activity in Delaware is required to be registered with and obtain a business license from DE Division of Revenue.

- DSHA confirms information provided is accurate, costs are eligible and work is compliant with Grant Program
- DSHA distributes funds within 60 days



Small Project Grant

Example 1:

Investor spends \$300,000 to expand an existing commercial building. \$230,000 of the investment are eligible capital costs.

Qualified Real Property Investment	\$230,000
	<u>X .20</u>
DDD GRANT	\$46,000

Example 2:

Investor spends \$350,000 to expand an existing commercial building. \$260,000 of the investment are eligible capital costs.

Qualified Real Property Investment	\$260,000
<i>Maximum Allowed QRPI</i>	<i>\$250,000</i>
	<u>X .20</u>
DDD GRANT	\$50,000





Large Project Grant

- Investors must apply for a Reservation
- Applications accepted once per year
- Additional minimum requirements:
 - Project must be substantially commenced within 1 year from date of Reservation
 - Project must be completed in 3 years
 - Must engage with a CPA to perform an Attestation of Costs
- Large Projects ineligible for Grant consideration:
 - Projects that have completed more than 35% of the estimated QRPI prior to the date the real property location is officially incorporated within the boundary of a designated District
 - Large Projects that will place in service within 60 days of application deadline





Large Project Grant

Grant Range



- Grants with QRPIs in excess of \$25,000 are calculated at 20% up to \$500,000
 - Reflects a \$2,525,000 investment
- District Grants over \$500,000 calculated at a lower rates
- Grant limit per building/facility is \$1,500,000 over a 5-consecutive year term



Large Project Grant

When Reservation applications exceed the funding allocated, then applications that address one or more of the following priorities will receive special consideration.

- *Identified as a Key Priority Project in District Plan*
- *Readiness to Proceed*
- *Creates permanent jobs*
- *Creates or sustains mixed-use development*
- *Expands housing opportunities*
- *Protects historic resources*
- *Adaptively reuses existing structures*
- *Promotes sustainable practices*

Investors must submit documentation of meeting priorities at time of Reservation application.

Detailed information regarding funding priorities may be found in DDD Program Guidelines and the Priority Area Scoring Guidelines at www.destatehousing.com/DDD.





Large Project Grant

Request for Grant Disbursement

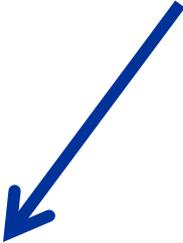
- Grant requests are due to DSHA within 60 days of final project being placed in service
- Includes an independent CPA Attestation of investments (not considered an eligible expense)
- DSHA will conduct compliance review of the final project – including site visit - to ensure final project conforms to project scope outlined in Reservation Agreement
- Grant funds will be disbursed within 60 days of receipt of all required documentation



Large Project Grant

Examples:

	<u>Rehab</u>	<u>New Construction</u>
Investment	\$600,000	\$10,000,000
Threshold	<u>-\$25,000</u>	<u>-\$25,000</u>
Grant Eligible	\$575,000	\$9,975,000
	<u>X .20</u>	<i>reference Investment Range</i>
GRANT	\$115,000	\$700,000



Investment Range	Grant Amount
\$9,500,001 - \$10,500,000	\$700,000





Important Dates

September 19, 2016

- Fall 2016 Funding Round Opened

December 10, 2016

- Large Project Applications Due
 - **Applications must be submitted by no later than 4:00 p.m.**

Applications, forms, and guidelines can be accessed at
www.destatehousing.com/DDD.





Additional Resources

DSHA recently received a Strategic Opportunity Funds for Adaptation (SOFA) grant to pay for third-party costs associated with achieving the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification.

- DDD Projects are eligible to apply to DSHA for SOFA grants.
- Costs are not eligible expenses under the DDD grant and will not “double-dip” DDD grant funds.
- This grant is capped at \$30,000 per building or facility regardless of documented third-party costs.

For detailed information, please refer to DSHA Program Guidelines at www.destatehousing.com.





Additional Resources

Office of State Planning website:

- **District Incentives**
 - Incentives offered by each of the Designated Districts
- **Other Incentives and Resources**
 - State Historic Preservation Tax Credits
 - Kent County DDD Grant Match Program, up to \$10,000
 - Cinnaire, Financing Program
 - Energize Delaware Program
- **Interactive Map of Designated Districts**
 - Type address of investment property to see if it is located within a District

<http://www.stateplanning.delaware.gov/ddd>





Thank You!

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