



Delaware State Housing Authority

Downtown Development District Grant Program

Delaware State Housing Authority
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Downtown Development District Act Overview

Created to **leverage** state resources in a *limited number of designated areas* in Delaware's cities and towns to:

- **spur private** investment;
- improve **commercial vitality**; and,
- build a **stable community** of long-term residents.

Accomplished by designating Downtown Development Districts (DDD) and offering state and local incentives to investors who invest within the Districts.





DDD Grant Summary

Grant is available to investors making real property investments within a DDD.

- Building/facility must be commercial, industrial, residential, or mixed-use
- Minimum Qualified Investment Threshold - \$25,000
- Grant is up to 20% of Qualified Real Property Investments (QRPI) over Threshold
- Activity must conform to DDD Plan





Eligible Applicants

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

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





Qualified Real Property Investments

Eligible Expenses and Activities

- Capital expenditures *necessary* for expansion, rehabilitation or new construction
- Hard construction costs
- Structurally part of the building or facility

EXAMPLES:

- Exterior, interior, structural, mechanical or electrical improvements to the building or facility
- Demolition, excavations, grading and paving





Qualified Real Property Investments

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.
 - See page 4 of program manual for full list.

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

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





Two Set-Asides

Small Project Set-Aside – FY2015 \$1,000,000

- Available to investors whose total Qualified Real Property Investment does not exceed \$250,000 per building/facility.
- Application submitted after project is complete.

Large Project Set-Aside – FY2015 \$5,650,000

- Allocated through a Reservation process prior to beginning project.
- Assures investors their projects will be funded once successfully completed.





Small Project Set-Aside

Within 45 days of completion, Investor submits:

- Placed in Service documentation
- Confirmation of location/conformance with DDD Plan
- Type of District Investor
- Documentation of Qualified Real Property Investments incurred after District designation

DSHA confirms information provided is accurate and work compliant with Grant Program

DSHA distributes funds within 60 days

Regardless of actual QRPIs, maximum grant is \$50,000





Small Project Set-Aside

EXAMPLE:

Investor spends \$300,000 to expand an existing commercial building. \$230,000 of the investment is chargeable to a capital account.

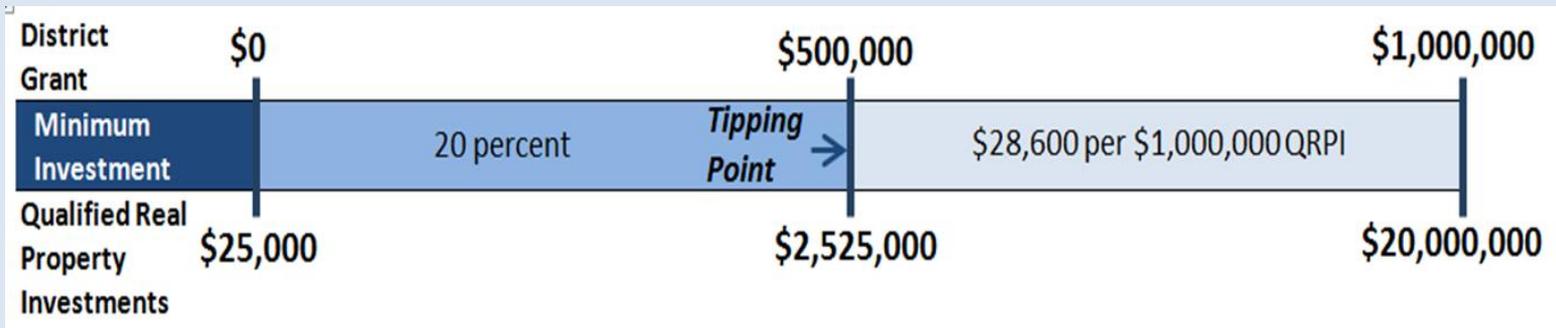
Qualified Real Property Investment	\$230,000
Minimum Qualified Investment Threshold	<u>- \$25,000</u>
Grant Eligible	\$205,000
	<u>X .20</u>
DDD GRANT	\$41,000





Large Project Set-Aside

Grant Range



- *Grant is calculated at 20% of the Qualified Real Property Investments for grants up to \$500,000*
Reflects a \$2,525,000 investment
- *District Grants over \$500,000 calculated at lower rate*
- *Grant limit \$1,000,000*
- *Capped per building/facility over a 5-consecutive year term*



Large Project Set-Aside

Applications for a Reservation are accepted once a year.

All projects must meet **threshold criteria** for consideration

- Confirmation of location within District
- Demonstration that project conforms with District Plan
- Applicant readiness to begin and finish project in three years





Large Project Set-Aside

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





Large Project Set-Aside

Grant Fund Disbursement

- Requests are due within 45 days of final project being placed in service
- Includes an independent CPA Attestation of investments
- 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 are disbursed within 60 days





Large Project Examples

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





Large Project Initial Reservation

March 2015 Reservation Awards

District	Number of Projects	Total Development Cost	Reservation Award
Dover	2	\$1,149,890	\$164,068
Seaford	1	\$11,413,235	\$671,000
Wilmington	10	\$101,913,511	\$4,806,137
		\$114,476,636	\$5,641,205

Eligible Uses

- 6 Residential
- 5 Mixed Use
- 2 Commercial





For More Information...

visit

www.DeStateHousing.com

or contact

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