

DDD Rebate – 101 for District Administrators



Roles and Responsibilities

Local Jurisdictions:

- Appoint District Administrator to market, manage and report on program
- Connect potential investment opportunities - such as Key Priority Projects - with potential Investors
- Have sufficient knowledge of DDD Rebate to help Investors be successful
- Provide local incentives and help Investors navigate local development process



The Investor

Who Are They?



Can tenants of a building or one of multiple owners apply?

- Yes, but must demonstrate coordination

How often can an Investor apply?

- An Investor can apply for multiple projects within a fiscal year and District

Small Project Investor

- Often family-owned or independent business investing in existing business
- Minimal experience in development
- Need assistance in navigating local development process and incentives

Large Project Investor

- More familiar with development process, enjoy economies of scale, and have significant capital for investments

**Both are critical to
Downtown revitalization!**

District Rebate

Rebate Amount

- Up to 20% of Investor's Qualified Real Property Investment (QRPI)

What is a QRPI?

- Eligible capital expenses incurred **after** date of District designation
- **Necessary** for **rehab, expansion** or **new construction** of commercial, residential, industrial, or mixed-use building or facility
- “Hard costs” associated with **building**

Rebate Limit

- \$1,500,000 per building/facility within 5-year period

Performance-based

- Project must be complete and placed-in-service **before** rebate is issued

Minimum Investment

- **At least \$25,000 in QRPIs** is required to be eligible for the rebate

District Plan Conformity

Project Must Conform to District Plan

Investors must submit with application a Project Conformity form signed by the District Administrator

- Ensures project supports goals of Plan
- Provides **critical** information for reporting purposes:
 - Incentive usage
 - Program impact
 - District Plan progress

Please fill out completely!

Project Conformity form available at www.DeStateHousing.com



Must Conform to Transform!

Eligible Expenses

Eligible Expenses

- Hard Construction Costs
- Structurally part of building or facility
 - Carpentry
 - Drywall
 - Roofing
 - HVAC
 - Doors/windows
- Mechanical, electrical and accessibility improvements to the building or facility.

Clarifications:

- **Land improvements** ...i.e. excavation, grading, paving as part of new construction or substantial rehab of building/facility
- **Demolition** permitted *only* when replaced by new building
- **Investor-owned solar panels** – must:
 - Be part of new construction or rehabilitation
 - Own panels and be receiving Renewable Energy Tax Credit
 - Be attached to rooftop
- **Businesses selling alcohol by bottle** must also sell food and alcohol by glass
- **Businesses manufacturing alcohol** on premise eligible as industrial use

Ineligible Expenses

Ineligible Expenses

- Soft Costs
 - Appraisal, architectural, engineering or interior design fees
 - Land or building acquisition
 - Legal, accounting, realtor and other professional fees
- Furnishings, fixtures, window treatments
- Machinery, tools, and other equipment
- Site utility work, hook-up or access fees
- General maintenance repairs, minor repairs and service calls

Ineligible Activities

- ‘Adult Entertainment Establishments’ defined in 24 Del. C. 16, check cashing, gambling facilities, pawn or gun shops, tanning salons, tattoo parlors, vape shops, tobacco-only retailers or recreation-only marijuana retailers.
- Institutional activities, defined by this program as hospitals, public and private schools, colleges and universities.
- Federal, state or local government-related activities, defined as libraries, post offices, and public safety services.

Small and Large Project Set-Asides

SMALL PROJECTS

Qualified Investment

- \$25,000 to \$250,000

Maximum Rebate

- \$50,000 (20% Rebate)

Submit Applications Anytime

- Rebate based on fund availability
- Signed Project Conformity Form
- Copies of Invoices/Receipts
- Placed in Service Documentation

Option for Lite-Reservation

Rebate Disbursed in 60 Days

LARGE PROJECTS

Qualified Investment

- Over \$250,000

Minimum Investment

- \$25,000 (deductible)

Maximum Rebate

- \$1,500,000 (Up to 20%)

Requires a Reservation

- Signed Project Conformity Form
- 3 Years to Complete Project
- CPA Attestation of Costs

Rebate Disbursed in 60 Days

Large Projects: Priority Consideration

- Project Identified as a Key Priority Project
- 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

See appendixes of *DDD Rebate Program Guidelines* for more information

More Good Info to Know

Taxability of Rebate

- Considered taxable income and an IRS 1099 Form is issued to Investor for each rebate

Federal and State ADA

- Projects not meeting required accessibility requirements may not be eligible for rebate

Site Control

- Site control is required - evidenced by legal title, sales agreement, or investors consent

Is it a Building or Facility?

- Facility is defined as a complex of buildings, co-located at a single location and are all necessary to conduct the same residential, trade, or business use. The following exceptions are considered a facility:
 - Multi-family rental that are 'scattered-site'
 - Separate homeownership units developed by a non-profit

Cash Transactions

- **Don't do it!** Cash transactions are highly discouraged

When You Need to Refer Them....

Penny Pierson

DDD Program Manager

Penny@DeStateHousing.com

302-739-0246

Tunisha Royal-Scott

Management Analyst I

Tunisha@DeStateHousing.com

302-739-0221





DO NOT BLOCK
GARAGE
NO PARKING
AT ANY TIME
TOWED AT
OWNER'S EXPENSE