



## **Delaware Downtown Development Districts Program**

### **Spring 2020 Workshop – Meeting Summary**

The meeting was held on May 14, 2020 from 10:00 am to 12:00 noon as an online meeting.

#### **Welcome Message from Governor John Carney**

- The Governor noted that the DDD is one of the more impactful state programs in that it encourages investment in towns that need it most.
- The DDD program, and programs like it, are going to be increasingly important as we come out of this current crisis and get the economy back up and running.
- The DDD program is a tool for economic stimulus, and on the state side we should be able to maintain current funding.

#### **Welcome Message from Anas Ben Addi, Director, Delaware State Housing Authority (DSHA)**

- Director Ben Addi does not want to lose sight of the progress we have made in the DDD program during this crisis.
- Districts were encouraged to share ideas about how to adjust the program guidelines and requirements to adapt to this crisis and recover from it.
- At the suggestion of the Governor we have invested in technical assistance in the form of the Community Development Coach program. This program helps the smaller Districts with data and tools so they are ready when the investors are ready.

#### **Welcome Message from Connie Holland, Director, Office of State Planning Coordination (OSPC)**

- Director Holland expressed gratitude for the relationship we have in Delaware between State and local governments, of which the DDD program is an example.
- There are signs of hope even during this crisis. We are still getting interest from developers in the DDD program, and the Preliminary Land Use service is still busy with activity throughout the state.
- During the last economic downturn in 2008-09, the City of Milford agreed to work with the State and its agencies to prepare a master plan. This plan poised the City for recovery and growth when the economy improved. This can be a lesson for us during this time that it is important to continue our planning and downtown redevelopment efforts so our communities will be poised for the recovery that will come.

## **Covid-19 Update and Small Business Response, Division of Small Business (DSB)**

Damian DeStefano, Director, Division of Small Business

- The Division of small Business responded to the Covid crisis by retooling what we do and how we deliver of services, which has hit small businesses very hard.
- DSB stood up, quickly and early on, a loan program (HELP) to support small businesses that had been hardest hit: hospitality, restaurants, hotels, etc. This has since been expanded to cover personal services such as cosmetology and hair care. The loans provide support for fixed expenses such as leases and insurance.
- There has been a high demand for the HELP loans. In a normal year we process 50 applications, but in the last six weeks we've processed close to 600 applications. The DSB underwriting staff has been expanded to keep up.
- Patty Cannon is responsible for helping come up with innovative ideas to help small businesses survive during this time.

Patty Cannon, Division of Small Business

- To help provide information during the stay-at-home order and drive traffic to essential businesses we created a map of open businesses. This was in Google Maps, but is moving to the ESRI platform.
- DSB has submitted loan application to the Economic Development Administration (EDA) to create a revolving loan fund that would mimic the HELP loans, but expand eligibility to other industries.
- The DSB has a page on the website dedicated to COVID information and recovery, and it is updated regularly. <https://business.delaware.gov/coronavirus/>
- DSB has created social media campaigns to encourage people to get take-out food and shop at local businesses that offer curbside retail.

## **Interactive Panel Discussion – How will your communities be different in Phase 1 of reopening?**

Below is a summary of the comments and issues raised by DDD communities, as well as responses from the panel where appropriate.

- The COVID crisis has significantly reduced the amount of people coming downtown everyday due to stay-at-home orders and telecommuting. This has a devastating effect on downtown businesses, especially the hospitality and service sectors.
- The DDD program will be especially important to help retain businesses and help them recover when we do start opening the economy. Businesses may need specific physical changes to comply with social distancing and health requirements.
- What can we (the DDD) do to help small businesses recover? Responses:
  - Short term suggest that they apply for HELP loans from DSB. Longer term DSB is hoping to provide a more flexible loan program with 12 months before repayment so that the businesses have a chance to get back on their feet.

- Local governments and DDDs should consider creative ideas to alter regulations that can help small businesses adapt to the “new normal.” Examples may include relaxing regulations on outdoor seating at restaurants, or closing streets to traffic to allow more social distancing.
- Local governments and DDDs should consider altering incentives to encourage small businesses to stay and reinvest. For example, Wilmington is examining how to adjust their commercial vacancy incentive in light of the current crisis.
- DDD Administrators and local government leaders should meet with business owners in their communities to find out what their needs are and develop local solutions.
- Local governments could consider their own loan programs to assist small businesses, as has been done in Smyrna as well as in Cecil County, MD.
- Businesses need to take steps to allay customer concerns about health and safety to lure them back. This will certainly involve changes to protocols such as cleaning and occupancy, and may also involve physical upgrades to spaces to provide safety and separation. The DDD rebate and incentives may help with physical improvements.
- It has been a challenge to communicate with Hispanic and French Creole communities during this crisis. The DDD does not want these communities and small businesses to feel like they are not getting the same level of attention and information as others, but lacks resources for translation. Response:
  - Suggestion that DSB could help identify interpreters, perhaps through UD English Language Institute.
  - Suggestion that DDDs could maybe use the same interpreters that were used by DHSS during the recent COVID testing initiative.
- Many small businesses were having cash flow problems before the pandemic. Current State HELP loan is a loan and not a grant. Small businesses may not be able to take on additional debt service. A grant would be more helpful to them.
- The State should consider keeping some of the relaxed regulations that have been enacted during the State of Emergency. Example: take out alcohol from restaurants, which has higher profit margins than food. This is needed for restaurants struggling with the restrictions.
- If the Federal government provides financial relief for local governments, does the State have a plan to distribute these funds? Response
  - DSB is in continual discussion with the Governor’s office about this, and will help determine a game plan if and when new funds become available.
- We need to find ways to help small businesses move a portion of their sales online. Many small businesses do not have this capacity. For those that do, online sales have really helped. There may be permanent shift to more online sales and ordering, which could leave many businesses behind if they don’t have help adapting.

**Community Inventory of Projects and Prospects, Rick Ferrell, Retail Market Answers, LLC.**

- What is a vacant and underused property inventory?
  - A strategic planning tool to align space with opportunity
  - Tracking tool for space: business expansion, location, transitioning properties, prospects

- Tracking tool for implementation: technical assistance, responsibility, prioritization, timing.
- Examples
  - Underutilized properties = an opportunity to work with owner to expand.
  - At risk properties = need to work on business retention and tech assistance
  - Development opportunity = need to focus on recruitment of developers and businesses that match District Plan objectives
- Use the property inventory to:
  - Manage your time and limited resources
  - Organize and track strategic planning
  - Articulate technical assistance necessary
  - Advance strategic planning goals
  - Drive projects
  - Leverage incentives
  - Retain businesses
  - Establish a path forward.

#### **Targeting the Small Investor, Penny Pierson, DSHA and Patty Cannon, DSB**

- Good news! DDD investor activity remains steady
  - Projects underway continue to move forward
  - New projects are preparing to commence
  - DDD Rebate funding is available
- Targeting Small DDD Investors (\$25,000 to \$250,000 projects)
  - Range from homeowners to seasoned developers
  - Wide range of sophistication with development projects
    - More likely to be unfamiliar with the process, need extra assistance
  - Likely to have less access to capital
  - Likely to be unfamiliar with resources available to them
- Strategies and Resources
  - Reorganize building use to create revenue sources
  - Bring needed services to downtown area
  - Is NOW the time to explore new opportunities with long standing vacant property owners
  - Reimagine downtown space in light of COVID – commercial store fronts, curbside shopping, sidewalk space.
  - Power of stackable incentives
- Stackable Incentives, examples
  - DDD Rebate
  - District Incentives
  - Historic Preservation Tax Credit
  - County DDD Grants
  - Energize Delaware
  - Strong Neighborhoods Housing Fund
  - Delaware Housing Development Fund

- Consider Additional “Stackable” Incentives
  - Low Income Housing Tax Credit
  - Angel Investor Tax Credit
  - Research and Development Tax Credit
  - New Business Facility Tax Credit
  - Opportunity Zones
  - Brownfields Remediation Programs
- Resource Links
  - Resources to help develop a business idea into a business plan and executable project.
    - <https://business.delaware.gov/>
  - Information to form a new business, register and license your business in Delaware
    - <https://onestop.delaware.gov/>
  - DDD Program Information and Incentives
    - <http://www.stateplanning.delaware.gov/about/ddd.shtml>
  - Building Better Communities
    - <https://www.mainstreet.org/home>