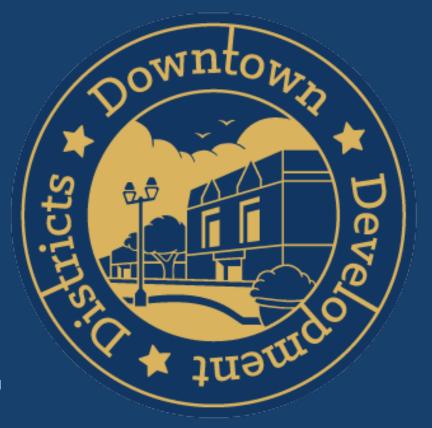
DDD Rebate – 101 for District Administrators



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 <u>after</u> date of District designation
- <u>Necessary</u> for rehab, expansion or new construction of <u>commercial</u>, residential, <u>industrial</u>, or <u>mixed-use</u> building or facility
- "Hard costs" associated with <u>building</u>

Rebate Limit

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

Performance-based

 Project must be complete and placedin-service <u>before</u> 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



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, <u>defined by this</u>
 <u>program</u> as hospitals, public and private
 schools, colleges and universities.
- Federal, state or local governmentrelated 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....

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