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
**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

- **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

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<thead>
<tr>
<th>SMALL PROJECTS</th>
<th>LARGE PROJECTS</th>
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<td><strong>Qualified Investment</strong>&lt;br&gt;• $25,000 to $250,000</td>
<td><strong>Qualified Investment</strong>&lt;br&gt;• Over $250,000</td>
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<tr>
<td><strong>Maximum Rebate</strong>&lt;br&gt;• $50,000 (20% Rebate)</td>
<td><strong>Minimum Investment</strong>&lt;br&gt;• $25,000 (deductible)</td>
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<tr>
<td><strong>Submit Applications Anytime</strong>&lt;br&gt;• Rebate based on fund availability&lt;br&gt;• Signed Project Conformity Form&lt;br&gt;• Copies of Invoices/Receipts&lt;br&gt;• Placed in Service Documentation</td>
<td><strong>Maximum Rebate</strong>&lt;br&gt;• $1,500,000 (Up to 20%)&lt;br&gt;<strong>Requires a Reservation</strong>&lt;br&gt;• Signed Project Conformity Form&lt;br&gt;• 3 Years to Complete Project&lt;br&gt;• CPA Attestation of Costs</td>
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<td><strong>Option for Lite-Reservation</strong>&lt;br&gt;Rebate Disbursed in 60 Days</td>
<td><strong>Rebate Disbursed in 60 Days</strong></td>
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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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