



**DOWNTOWN DEVELOPMENT DISTRICTS (DDD)**  
**Rebate Program Guidelines**  
**Fall 2018**

*Program Administered by*

**THE DELAWARE STATE HOUSING AUTHORITY**

**18 The Green  
Dover, DE 19901**



**DSHA Program Contact:**

**Penny Pierson, Program Manager**

**Phone: 302-739-0246**

**Email: [Penny@destatehousing.com](mailto:Penny@destatehousing.com)**

**Revised October 2018**

# Table of Contents

<b>Introduction .....</b>	<b>4</b>
A. Downtown Development Districts Act.....	4
1. DSHA’s Role.....	4
2. Designated Districts .....	4
3. State and Local Incentives .....	5
<b>Fall 2018 Application Round.....</b>	<b>5</b>
A. Important Dates.....	5
B. Available Funding and Award Limits.....	5
<b>General Program Requirements and Guidelines.....</b>	<b>6</b>
A. Program Eligibility .....	6
B. Minimum Threshold Requirements.....	7
C. Eligible Expenses.....	7
D. Ineligible Activities and Expenses.....	8
1. Ineligible Activities .....	8
2. Ineligible Expenses .....	8
E. Use of a General Contractor (GC).....	9
1. GC Overhead and Profit.....	9
2. GC General Conditions.....	9
F. Third-Party Contractor Requirements.....	9
G. Federal and State ADA Regulations .....	10
H. Cash Expenditures.....	10
I. Placed-in-Service Date.....	10
1. Placed-in-Service Date Defined .....	10
2. Importance of Placed-in-Service Date Documentation.....	10
J. Taxability of Rebate .....	11
K. The Delaware Freedom of Information Act .....	11
<b>Small Project Set-Aside and Application Information .....</b>	<b>11</b>
A. Small Project Set-Aside.....	11
1. Calculation of Small Project Rebate .....	12
B. Small Project Application Process .....	12
1. Lite-Reservation.....	12
a. Applying for a Lite-Reservation .....	12
b. Lite-Reservation .....	12

2. Small Project Rebate Application.....	13
a. Applying for a Small Project Rebate.....	13
b. Application Review and Inspection.....	13
c. Small Project Rebate.....	14
<b>Large Project Set-Aside Requirements and Application Information.....</b>	<b>14</b>
A. Large Project Set-Aside .....	14
1. Additional Minimum Threshold Requirements for Large Projects .....	15
2. Additional Eligibility Criteria for Large Projects.....	15
3. Calculation of Large Project Rebate.....	16
B. Large Project Reservation Application Process .....	16
C. Applying for a Large Project Reservation.....	17
1. Application Review and Ranking.....	17
2. Rebate Reservation.....	17
3. “Substantially Commenced” Requirement.....	18
4. Attestation of Costs.....	19
D. Final Rebate Process.....	19
1. Request for Rebate Disbursement.....	19
2. Compliance Review and Inspection.....	19
3. Final Rebate .....	20
<b>Application Submission and DSHA Contact Information .....</b>	<b>20</b>
<b>Appendix A: DDD Rebate Program Related Definitions.....</b>	<b>21</b>
<b>Appendix B: Cost Eligibility Definitions by Line Item .....</b>	<b>23</b>
<b>Appendix C: Priority Considerations.....</b>	<b>27</b>
<b>Appendix D: Priority Considerations Required Documentation .....</b>	<b>28</b>
<b>Appendix E: Promoting Sustainable Practices.....</b>	<b>29</b>
<b>Appendix F: Delaware Sustainable Energy Utility (DSEU) Program.....</b>	<b>30</b>

**If you need language assistance to understand this document and/or any other DSHA housing assistance program, please call 302-739-4263 ext. 215.**

***Si usted necesita asistencia en español para entender este documento, o algún otro programa de asistencia de vivienda de DSHA, por favor llame al 302-739-4263 ext. 215.***



# DOWNTOWN DEVELOPMENT DISTRICTS (DDD)

## *Fall 2018 Funding Round*

### DDD Rebate Program Guidelines

## Introduction

### A. Downtown Development Districts Act

The Downtown Development Districts Act (Act) of 2014 was created to leverage state resources in a limited number of designated areas in Delaware's cities and towns to:

- spur private capital investment;
- stimulate job growth and improve the commercial vitality of our cities and towns; and
- help build a stable community of long-term residents in our downtowns and other neighborhoods.

#### 1. DSHA's Role

Under this Act, funding was allocated through the General Assembly to DSHA for the purpose of establishing and administering the DDD Rebate Program.

#### General Limitations

- DSHA is authorized to establish additional qualifying criteria with respect to uses (residential, commercial, industrial, etc.) or types of projects (rehabilitation, new construction, etc.).
- DSHA is authorized to amend the required Minimum Qualified Investment Threshold (MQIT) established initially by the Act.
- DSHA is authorized to prioritize particular types of uses or projects in one or more Districts.
- DSHA is authorized to establish such other limitations in one or more Districts as DSHA shall determine from time to time, but no more often than once per year.

#### 2. Designated Districts

Applications for District designations are evaluated by members of the Cabinet Committee on State Planning Issues. The committee then provides its recommendations to the Governor. The Governor designates the Districts.

The Governor has designated the following areas as DDD Districts:

- **January 11, 2015** Dover, Seaford and Wilmington
- **August 10, 2016** Georgetown, Harrington, Laurel, Milford and Smyrna

Additional information including the corresponding District Plans and maps for each District may be accessed at the following link: <http://www.stateplanning.delaware.gov/ddd/>.

### 3. State and Local Incentives

State and local incentives are available to investors who invest in real property within a designated DDD District. Information for most DDD incentives may be accessed at <http://www.stateplanning.delaware.gov/ddd/incentives/incentives.shtml>.

- **DDD Rebate:** A rebate is available to Qualified District Investors (Investors) who make a Qualified Real Property Investment (QRPI) to a commercial, industrial, residential, and/or mixed-use building or facility located within the boundary of a designated District.
- **Historic Preservation Tax Credits:** The Act allocates 30 percent of the State’s yearly allocation of Historic Preservation Tax Credits to be reserved for projects within a designated District.
- **State and County Incentives:** Incentives to facilitate the revitalization of a designated District.
- **Municipal Incentives:** Each municipality must implement incentives specific to the designated District within its jurisdiction and to the identified projects in the District Plan. Investors should contact the administrator of the designated District in which they are investing for guidance regarding incentives other than the DDD rebate.

Examples of municipal incentives may include, but are not limited to:

- Reduction or waiver in fees or taxes;
- Permit process reform;
- Special zoning districts or exemptions from local ordinances; and
- Façade improvement grants.

---

## Fall 2018 Application Round

---

### A. Important Dates

- **October 31, 2018:** Funding Round officially opens. All finalized program documentation and application forms can be accessed from DSHA’s website at [http://www.destatehousing.com/Developers/dv\\_ddd.php](http://www.destatehousing.com/Developers/dv_ddd.php).
- **January 11, 2019:** Large Project Reservation applications must be submitted to DSHA by **no later than 4:00 p.m.**
- **Late February:** Reservation award notifications

Small Project Lite-Reservation and Small Project DDD Rebate applications are accepted for funding on a rolling basis, *as long as funding is available*. Please contact DSHA regarding funding

### B. Available Funding and Award Limits

- DSHA has established two funding set-asides for DDD rebates, the **Small Project Set-Aside** and the **Large Project Set-Aside**, to ensure a variety of projects have ample access to the DDD funding.

- The Large Project Set-Aside is divided into a General Pool and a District Pool to ensure all Districts have reasonable access to the DDD funding. DSHA allocates 50% of the Large Project Set-Aside to each of the pools, as demonstrated below.
- The District Pool is allocated based on the populations of each District.

FUNDING SET-ASIDE	AVAILABLE	MQIT <sup>(1)</sup>	MAXIMUM REBATE
SMALL Project Set-Aside *	\$ 2,000,000	\$ 25,000	\$50,000 per building or facility <sup>(2)</sup>
LARGE Project Set-Aside **	\$ 10,000,000	\$ 50,000	\$1,500,000 per building or facility <sup>(3)</sup>

\* Approximate balance. Applications processed daily.

**BREAKDOWN OF LARGE PROJECT SET-ASIDE		
General Pool		\$ 5,000,000
District Pool		\$ 5,000,000
Dover	\$ 690,000	
Seaford	\$ 175,000	
Wilmington	\$ 2,270,000	
Georgetown	\$ 575,000	
Harrington	\$ 190,000	
Laurel	\$ 175,000	
Milford	\$ 490,000	
Smyrna	\$ 435,000	
<b>TOTAL LARGE PROJECT</b>		<b>\$ 10,000,000</b>

<sup>(1)</sup> The Minimum Qualified Investment Threshold (MQIT) for Large Projects is the minimum amount of Qualified Real Property Investment (QRPI) required to be made by an Investor to qualify for a Large Project DDD Rebate. The MQIT for Large Projects is treated similarly to a deductible and is **not** eligible for a rebate. The MQIT for Small Projects is the required minimum investment *only* and is eligible for a rebate.

<sup>(2)</sup> An Investor may be eligible to apply for up to two small project rebates per building, if DSHA can determine that there are clearly two eligible investments with QRPIs greater than \$25,000 each.

<sup>(3)</sup> DDD rebates are limited to \$1,500,000 per building or facility within a five-consecutive-year period, starting with the year in which a rebate is first issued or reserved. A \$1,500,000 rebate requires a QRPI greater than \$41,000,000.

---

## General Program Requirements and Guidelines

---

### A. Program Eligibility

- Investors that make a Qualified Real Property Investment (QRPI) that meets minimum threshold requirements are eligible to apply for a DDD rebate.
  - *The QRPI is defined as the amount that is properly chargeable to a capital account for improvements to rehabilitate, expand or construct depreciable real property placed in service within a District. (Refer to Appendix A for the full definition of a QRPI.)*
- Eligible applicants include property owners (occupant or non-occupant), tenants, for-profit developers, nonprofit organizations, businesses, and homeowners.
 

**Please note:** When applying as a tenant or an owner of space within a building, supplemental forms verifying coordination with the owner of the property, other tenants and/or other owners are required.
- Real property owned by federal, state or local government, in any form, is **not** eligible for a DDD Rebate.

## B. Minimum Threshold Requirements

- The QRPI must be made within the boundary of a designated DDD.
- The QRPI must be made **after** the date the real property is officially incorporated within the boundary of a designated District.
- The QRPI must be in conformance and support the goals of the approved District plan.
- The QRPI must be in excess of the required MQIT. For Large Projects, the MQIT is treated similar to a deductible and is not eligible for a rebate.
- The Investor must meet site control requirements (e.g. legal title, sales agreement\*, or owner’s consent).

*\* Must be a valid sales agreement and signed by all parties. If awarded a Reservation the investor must complete the purchase within **120 days of the DDD Reservation date**.*

## C. Eligible Expenses

- Capital investments necessary for the **rehabilitation, expansion, or new construction** of commercial, industrial, residential (including multi-family), or mixed-use buildings or facilities located within the boundary of a District.
- Only expenses that are properly chargeable to a capital account and incurred **after** the date the real property is officially incorporated within the boundary of a designated District are eligible for rebate consideration.
- Eligible costs are generally referred to as “hard costs” and are associated with the **building structure**. This includes labor and materials required to construct the building envelope and the building interior.
- Examples of **eligible** expenses include:
  - Exterior, interior, structural, mechanical, electrical and accessibility improvements to the building or facility;
  - Land improvements\*:
    - Excavations (removal of soil or rock) \*;
    - Grading and paving\*;
    - Installing driveways, parking areas\*;
  - Investor-owned Solar Panels \*\*; and
  - Demolition of a building (**only** when replaced with a new building).

Please refer to **Appendix B** for detailed definitions of eligible costs.

*\*Must be in conjunction with the new construction or rehabilitation of a building or facility and meet requirements as defined in Appendix B.*

*\*\* Must be in conjunction with the new construction or rehabilitation of a building or facility; investor must own solar panels and be the eligible recipient of the Renewable Energy Tax Credit; panels must be attached to the building (rooftop); free standing solar panel systems and solar farms are considered **ineligible** for this program.*

## D. Ineligible Activities and Expenses

DSHA reserves the right to determine an activity or expense ineligible, as deemed necessary.

### 1. Ineligible Activities

- ‘Adult Entertainment Establishments’ as defined in 24 Del. C. 16, check cashing facilities, gambling facilities, liquor stores \*, pawn or gun shops, tanning salons, tattoo parlors, vape shops, tobacco-only retailers or recreation-only marijuana retailers.

*\* DSHA has elected to consider, as eligible, businesses that sell alcohol, as long as food is also sold and alcohol is available for purchase by the glass, as well as by the bottle. Businesses where alcohol is manufactured on premises are eligible under the industrial qualification.*

- Institutional related activities, as defined for the purposes of this program, include:
  - Hospitals\*, public and private schools, colleges and universities.  
*\*an institution that provides medical and surgical treatment and nursing care for sick or injured people and has the ability to admit patients for overnight and extended stays.*
- Federal, state or local government related activities, as defined for the purposes of this program include:
  - Libraries, post offices, and public safety services such as police stations

### 2. Ineligible Expenses

Examples of **ineligible** expenses include, but are not limited to:

- Costs generally referred to as “soft costs”:
  - Appraisal, architectural, engineering or interior design fees;
  - Land or building acquisition and all associated costs;
  - Legal, accounting, realtor, sales, marketing, consultant or other professional fees;
  - Loan fees, capitalized interest;
  - Permits, user zoning, impact, inspection, licensing and audit fees and fees similar in nature;
  - Bonding, closing costs, insurance;
  - Temporary facilities;
  - Rent loss; and
  - Environmental testing and associated fees.
- Costs generally chargeable to furniture, fixtures and equipment (FF&E), unless defined as eligible in Appendix B. For the purposes of this program, FF&E are defined as movable furniture, fixtures, or other equipment related to the residence or business operation that are **not** considered part of the permanent building structure. Such as, but not limited to:
  - Appliances (single and multi-family residential);
  - Restaurant and bar equipment;
  - Barber and salon equipment;
  - Office equipment; merchandise and point of sale equipment;
  - Audio and video systems, computers, monitors or televisions;
  - Computer and network setup service calls and associated fees;
  - Blinds or other window treatments; and
  - Removable shelving.

Please contact DSHA for questions regarding eligibility of an activity or expense.



- General maintenance type repairs, minor repairs and service calls;
- Machinery, tools or other equipment;
- Site utility work (gas, electric, sewer, and water), utility hookups, water, electric and gas meters, utility disconnection or access fees;
- Outbuildings (if ancillary to function of the main building);
- Exterior and interior signage; and
- Road repairs or new roads.

## E. Use of a General Contractor (GC)

For the purposes of this program, a General Contractor is defined as an entity that contracts for and assumes responsibility for completing a construction project, and hires, supervises and pays all subcontractors. A valid contract must be in place between the Investor and the GC and made available to DSHA, as needed.

### 1. GC Overhead and Profit

- Limitations
  - Investors who serve as their own GC are **not** eligible to include overhead and profit.
  - Investors who contract with a third-party GC as defined above may include GC Overhead and Profit; however, for the purposes of this program overhead and profit will be capped and **cannot exceed 10%** of the DDD eligible costs (QRPI) including general conditions.

### 2. GC General Conditions

General Conditions for purposes of this program **cannot exceed 10% of the construction hard costs excluding overhead and profit and must be documented by invoices, canceled checks, time sheets, logs, etc.**

- Costs associated with general trade items (i.e. carpentry, plumbing, HVAC, etc.), particularly employees of the General Contractor, are **not** eligible under General Conditions.
- All of the costs items listed below must be incurred for labor or materials supplied at the job site except as otherwise noted herein. The items will vary due to project type, location and site conditions. ***All charges for material or labor must be at cost, with no mark-up and no indirect costs.***

**Eligible General Conditions Costs include:** Cleanup, cleanup labor, rubbish disposal, dumpsters for construction debris only, Project Construction Site Manager and Project Superintendent salaries, general labor, labor for material movement on site, watchmen's or other security wages, large equipment rental (if equipment is owned by General Contractor, costs charged must be at the local rental rates), truck or car expense of site supervisor, field office expense and minor field office supplies.

## F. Third-Party Contractor Requirements

The State's Division of Revenue requires all contractors working in Delaware to be licensed in Delaware. **Only eligible expenses related to work performed by a third-party Delaware-licensed contractor are eligible for a DDD rebate.**

Work **not** performed by a third-party Delaware licensed contractor will have the following limitations:

- Labor costs associated with work performed are considered ineligible (i.e., work performed by owner or unlicensed individuals); and
- Cost of miscellaneous materials and supplies **necessary** to perform the work may be accumulated and included in the QRPI as “*General Supplies*” up to a maximum of \$500 per application with proper support documentation.

## G. Federal and State ADA Regulations

Depending on building use, some projects may be required to include accessibility improvements. Please contact your state and local municipality’s inspection and planning department for accessibility requirement information. Projects that do not adhere to accessibility requirements may not be eligible for a DDD rebate.

## H. Cash Expenditures

Cash transactions are **highly discouraged** and require confirmation of transaction from both parties. The inclusion of such costs in the final QRPI will be determined solely by DSHA.

## I. Placed-in-Service Date

### 1. Placed-in-Service Date Defined

The placed-in-service date is generally defined as the date the final **Certificate of Occupancy (CO)** is issued or the **Final Building Inspection** is issued for the work completed to a building or facility by the appropriate municipality. If a CO or a Final Building Inspection is **not** required by the municipality, the Investor must obtain a letter from the municipality stating such, and DSHA will determine the placed-in-service date based on invoice documentation.

Placed-in-service documentation may vary depending on the nature of a project and the municipality’s requirements. **It is important for the investor to contact the municipality prior to start of construction to discuss placed-in-service requirements.**

- For example, a restaurant may be issued a Place of Public Assembly Certificate of Inspection and Approval for Annual License Permit when placed-in-service.

### 2. Importance of Placed-in-Service Date Documentation

The final placed-in-service document required by the jurisdiction\* must be submitted to DSHA by the Investor in order to qualify for a rebate. The Investor has **60 days** from the placed-in-service date to apply to DSHA for a rebate. Rebate applications received **after this date** will be considered **ineligible** for funding, unless otherwise approved by DSHA. Additionally, Investors must comply with all state and local municipality permit and inspection processes to be eligible for a DDD rebate.

*\*If the nature of the project requires a Certificate of Occupancy, an Investor cannot apply with a final building inspection even if a final building inspection was issued prior to a Certificate of Occupancy.*

## J. Taxability of Rebate

Under Internal Revenue Service regulations, a rebate may be considered taxable income. An IRS 1099 Form will be issued to all Investors that receive a rebate. For tax-related questions, please contact your tax professional for guidance.

## K. The Delaware Freedom of Information Act

By submitting a Small or Large Project Application, the applicant acknowledges and agrees that the Application shall be deemed a “public record” for the purposes of the Delaware Freedom of Information Act (“FOIA”), codified at 29 Del. C. §§ 10001 - 10005.

If information included in an Application is exempt from disclosure as trade secrets or commercial or financial information of a privileged or confidential nature, DSHA will protect such information from disclosure to the extent permitted by § 10002(g)(2) of FOIA. DSHA shall determine in its discretion whether Application material is exempt from disclosure as a trade secret or confidential or proprietary information. Applicant acknowledges and agrees that any portion of the Application which is determined by DSHA to **not** constitute confidential financial or trade secret information exempt from disclosure under FOIA shall be subject to public examination and copying.

It is the policy of DSHA not to release to any third party any Application materials until after the ranking of projects, and allocation of Reservations or Rebate funds have been announced. DSHA expressly reserves its authority to withhold all such information from third party requests pending the completion of the ranking process, to the extent permitted by FOIA. DSHA will endeavor to respond to FOIA requests for application materials as promptly as possible, and absent unusual circumstances, will release to any requesting party public documents related to application materials within **fifteen (15) business days** of a written request.

---

## Small Project Set-Aside and Application Information

---

### A. Small Project Set-Aside

Regulations required for larger, more complex projects can be cost prohibitive to smaller Investors. As a result, DSHA established a Small Project set-aside to ensure that small Investors have ample access to DDD **rebate** funds.

- The Small Project set-aside is for program eligible Investors that make a **QRPI between \$25,000 and \$250,000**. In addition, Investors that make a QRPI above this limit may also apply; however, the rebate will be based on a capped QRPI of \$250,000 with a **maximum rebate of \$50,000**.
- Program eligible Investors that make a **\$25,000 or greater QRPI** are eligible for a rebate in an amount equivalent to **20% of the QRPI up to \$50,000 per building or facility**. \*

*\* A building or facility may be eligible for multiple small project rebates with approval from DSHA. An Investor may be eligible to apply for two small project rebates if DSHA can determine that there are clearly two eligible investments with QRPIs greater than \$25,000 each.*

## 1. Calculation of Small Project Rebate

Calculation	Example 1	Example 2
Eligible QRPI	\$ 200,000	\$ 300,000
Maximum QRPI Allowed	\$ 250,000	\$ 250,000
Final QRPI (lower of the two)	\$ 200,000	\$ 250,000
Multiplier	.20	.20
<b>DDD Rebate</b>	<b>\$ 40,000</b>	<b>\$ 50,000</b>

## B. Small Project Application Process

Small Project Investors have the option to apply for a Lite-Reservation **or** wait and apply for a rebate after the project is fully completed and placed in service. Small Project Lite-Reservations and DDD Rebate applications are accepted by DSHA on a rolling basis, as long as funding is available.

### 1. Lite-Reservation

The Lite-Reservation is designed to provide the Investor with the assurance that funding will be available upon completion of the project.

- Only applications that meet eligibility and minimum threshold requirements and successfully satisfy all application requirements will be considered qualified for a Lite-Reservation award.
- Based on eligible project costs, DSHA will reserve **up to \$50,000** for **nine (9) months**.

#### a. Applying for a Lite-Reservation

To apply for a Lite-Reservation, an Investor must meet eligibility and minimum threshold requirements and submit the following documentation to DSHA:

- Small Project Lite-Reservation Application;
- Project Description (planned scope of work);
- Project Conformity to the District Plan:
  - Must use form provided by DSHA;
- Proof of Site Control (e.g. legal deed, owner’s consent);
- Proof of Current Property Condition (digital photos);
- Copy of approved Building Permit:
  - If **no** building permit is required by the municipality then a letter from the municipality is required; and
- Estimate/bid for the planned scope of work from a Delaware-licensed contractor(s). Estimate(s) must provide enough detail to allow for a reasonably-accurate estimate of eligible costs (QRPI). Proof of contract between Investor and GC, if applicable.

Application materials can be accessed at [www.destatehousing.com/DDD](http://www.destatehousing.com/DDD)

#### b. Lite-Reservation

- DSHA will process Reservation applications upon receipt of **all** required documentation.
- Lite-Reservations **expire nine (9) months from the date of issue**. Investors may request a Reservation extension if construction of the Investment is well underway **prior** to the expiration date of the original Reservation. Expired Reservations will be

reallocated to either the Small Project or Large Project set-aside, at DSHA's sole discretion.

- Small Project Investors with an expired Reservation will still have the opportunity to apply within **60 days** of the building or facility being placed in service, *as long as funding is available*.
- **A Lite-Reservation may be rescinded if:**
  - Project is not completed within nine (9) months of Reservation;
  - Nature of project changes from that of the original application; and
  - Change in ownership of the property.

## 2. Small Project Rebate Application

Small Project Investors *with or without* a Lite-Reservation may apply to DSHA for a DDD rebate once a project is fully completed, placed in service, and all project costs have been paid in full.

### a. Applying for a Small Project Rebate

Investors *with or without* a Lite-Reservation Award must apply to DSHA for a DDD rebate within **60 days** of the building or facility being placed in service.

To apply for a rebate an Investor must meet eligibility and minimum threshold requirements, and submit the following documentation to DSHA:

- Small Project Rebate Application;
- Project Description (completed scope of work);
- Proof of Site Control;
- Proof of Property Condition (before and after digital photos);
- Project Conformity to District Plan:
  - Must use form provided by DSHA;
- Placed-in-Service Documentation;
- Completed W-9 Form;
- Proof of Investment:
  - Copies of Itemized Invoices/Receipts for eligible QRPI;
  - Proof of Payment (e.g. canceled checks, bank statements); and
- Additional Exhibits, **if applicable:**
  - Multiple Owner Form (includes multiple owner coordination);
  - Tenant Owner Consent (includes multiple tenant coordination).

Application materials may be accessed at  
[www.destatehousing.com/DDD](http://www.destatehousing.com/DDD)

### b. Application Review and Inspection

DSHA will review DDD Rebate applications for program compliance and as part of the review process a DSHA inspector will conduct a physical inspection of the real property investment.

The inspection will include, but is not limited to, verifying the following:

- Completion of municipal or governmental agency inspections;
- Project completeness. Depending on nature of project, evidence that business activity is taking place or about to begin;
- Parcel location;
- Building or facility use;

- Conformity with Scope of Work submitted in the original Large Project Rebate Reservation Application; and
- Verification that work performed supports documentation of submitted QRPI.

During the review process DSHA reserves the right to request additional support documentation as needed.

### c. Small Project Rebate

- DDD rebates will be disbursed within **60 days** from the date DSHA receives **all** required application and support documentation.
- The final rebate may be less than the Lite-Reservation amount, but **not** greater. If the final QRPI exceeds the Reservation QRPI, an investor may request additional rebate funds up to the \$50,000 maximum rebate, but **only if funding is available**.
- If Small Project funding is exhausted, applications will be placed on hold in the order of receipt. DSHA may choose to fund Small Project applications on hold with unused funds from the Large Project funding set-aside or other available sources at DSHA's sole discretion.

---

## Large Project Set-Aside Requirements and Application Information

---

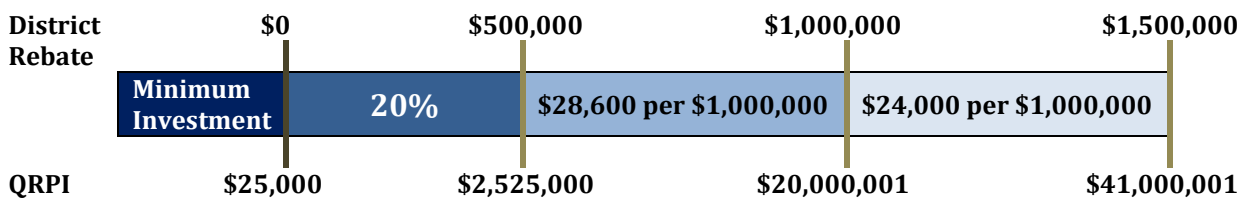
### A. Large Project Set-Aside

The Large Project set-aside is divided into a General Pool and a District Pool to ensure all Districts have reasonable access to the DDD funding. Available funding is divided equally between the two funding pools and allocated to the designated Districts based on District populations.

- The Large Project set-aside is for program eligible Investors (e.g. owners or tenants with owner's permission) that make a QRPI in excess of the MQIT \* that **exceeds** \$250,000.

*\* The Minimum Qualified Investment Threshold (MQIT) for Large Projects is the minimum amount of Qualified Real Property Investment (QRPI) required to be made by an Investor to qualify for a Large Project DDD Rebate. The MQIT for Large Projects is treated similar to a deductible and is **not** eligible for a Rebate.*

- Rebates **less than** \$500,000 or \$2,525,000 in QRPI will be calculated at a rate of 20 percent.
- Rebates in **excess** of \$500,000 or \$2,525,000 in QRPI will be calculated at a lower rate up to **\$1,500,000 per building or facility** as demonstrated in the chart below.



## 1. Additional Minimum Threshold Requirements for Large Projects

In addition to the minimum threshold requirements, Large Project applicants are required to:

- Demonstrate readiness to initiate and complete project within **three (3) years** from date of Reservation;
- Demonstrate project's ability to be 15% substantially commenced within **one (1) year** from date of Reservation. DSHA will verify at the one-year benchmark that at least 15% of all heavy construction activity has been completed; and
- Engage with a Certified Public Accountant (CPA) to perform an Attestation of Costs. Costs associated with the Attestation are **not** considered rebate eligible and therefore may not be included in the QRPI calculation.

## 2. Additional Eligibility Criteria for Large Projects

- Large Projects that have completed **more than 35%** of the estimated QRPI **prior** to the date the real property location is officially incorporated within the boundary of the designated District are **not** eligible for rebate consideration.
- Large Projects that will place in service within **60 days** of application deadline are **not** eligible for rebate consideration.

(THIS AREA HAS BEEN LEFT BLANK INTENTIONALLY.)

### 3. Calculation of Large Project Rebate

Calculation Examples	Example 1	Example 2
QRPI	\$ 600,000	\$ 3,750,000
Minus MQIT	\$ 25,000	\$ 25,000
<b>Eligible QRPI</b>	<b>\$ 575,000</b>	<b>\$ 3,725,000</b>
Multiplier	.20	<b>Refer to Chart</b>
<b>DDD Rebate</b>	<b>\$ 115,000</b>	<b>\$ 528,000</b>



INVESTMENT RANGE	DDD REBATE
\$2,525,000 - \$3,500,000	\$500,000
<b>\$3,500,001 - \$4,500,000</b>	<b>\$528,000</b>
\$4,500,001 - \$5,500,000	\$557,000
\$5,500,001 - \$6,500,000	\$585,000
\$6,500,001 - \$7,500,000	\$614,000
\$7,500,001 - \$8,500,000	\$642,000
\$8,500,001 - \$9,500,000	\$671,000
\$9,500,001 - \$10,500,000	\$700,000
\$10,500,001 - \$11,500,000	\$728,000
\$11,500,001 - \$12,500,000	\$757,000
\$12,500,001 - \$13,500,000	\$785,000
\$13,500,001 - \$14,500,000	\$814,000
\$14,500,001 - \$15,500,000	\$843,000
\$15,500,001 - \$16,500,000	\$871,000
\$16,500,001 - \$17,500,000	\$900,000
\$17,500,001 - \$18,500,000	\$928,000
\$18,500,001 - \$19,500,000	\$957,000
\$19,500,001 - \$20,500,000	\$986,000
\$20,500,001 - \$21,500,000	\$1,000,000
\$21,500,001 - \$22,500,000	\$1,024,000

INVESTMENT RANGE	DDD REBATE
\$22,500,001 - \$23,500,000	\$1,048,000
\$23,500,001 - \$24,500,000	\$1,072,000
\$24,500,001 - \$25,500,000	\$1,096,000
\$25,500,001 - \$26,500,000	\$1,120,000
\$26,500,001 - \$27,500,000	\$1,144,000
\$27,500,001 - \$28,500,000	\$1,168,000
\$28,500,001 - \$29,500,000	\$1,192,000
\$29,500,001 - \$30,500,000	\$1,216,000
\$30,500,001 - \$31,500,000	\$1,240,000
\$31,500,001 - \$32,500,000	\$1,264,000
\$32,500,001 - \$33,500,000	\$1,288,000
\$33,500,001 - \$34,500,000	\$1,312,000
\$34,500,001 - \$35,500,000	\$1,336,000
\$35,500,001 - \$36,500,000	\$1,360,000
\$36,500,001 - \$37,500,000	\$1,384,000
\$37,500,001 - \$38,500,000	\$1,408,000
\$38,500,001 - \$39,500,000	\$1,432,000
\$39,500,001 - \$40,500,000	\$1,456,000
\$40,500,001 - \$41,000,000	\$1,480,000
\$41,000,001 - <i>and over</i>	\$1,500,000

### B. Large Project Reservation Application Process

Large Project Investors **must** apply for a Reservation in order to receive rebate funding. The Reservation process is designed to provide assurance to the Investor that funding will be available upon completion of the project.



## C. Applying for a Large Project Reservation

To apply for a Reservation an Investor must meet eligibility and minimum threshold requirements and submit the following documentation to DSHA by the established application deadline:

- Large Project Reservation Application;
- Required Application Exhibits;
  - Project Description (planned scope of work);
  - Proof of Site Control (e.g. legal deed, signed agreement of sale, owner’s consent);
  - Project Conformity to District Plan Form;
  - Project Timeline;
  - Demonstration of Funding Priorities (information used for ranking of applications);
  - Project Budget (total development costs);
  - Proof of Property Condition (digital photos):
    - If project construction is already underway and no before pictures are available, Investors must provide documentation from the General Contractor of expenditures to date in a signed and notarized document format;
  - Completed W-9 Form; and
  - Additional Exhibits (if applicable):
    - Multiple-Owner Form (includes multiple owner coordination);
    - Tenant Owner Consent (includes multiple tenant coordination).

### 1. Application Review and Ranking

Only applications that meet eligibility and minimum threshold requirements and successfully satisfy all application documentation requirements will be considered eligible for Reservation consideration. All other applications will be deemed ineligible and will **not** go forward to the review and ranking process.

In the event the total Reservation application requests **exceed** available funding, Reservation requests will be reviewed and ranked. Applications will be scored based on the following project priority considerations:

- Identified as a priority project in the District Plan;
- Readiness to proceed;
- Creates permanent jobs;
- Expands housing opportunities;
- Protects historic resources;
- Actively reuses existing practices; and
- Promotes sustainable practices (LEED Silver).

Please refer to Appendix C and D for detailed information regarding Priority Scoring.

### 2. Rebate Reservation

- DSHA will make the final determination of the Reservation amount.
- DSHA will announce Rebate Reservations within **60 days** of the application deadline.
- Reservation awardees will receive notification by email. Following email notification an official Rebate Reservation Award letter that includes Conditions of Funding will be sent via regular mail. Investors will be given **15 days** to sign and return Rebate Reservation. Reservations **not** accepted within the 15-day period may be forfeited.

- **A Reservation may be rescinded if any of the following conditions occur:**
  - Investment is not “substantially commenced” within twelve (12) months from the date of Rebate Reservation. For the Investment to be considered “substantially commenced” a minimum of 15 percent (15%) of the QRPI, at time of application, relating to real construction activity must be expended, meaning physical construction of the Investment must be underway. DSHA reserves the right to verify through site inspection and requests for written verification of expenditures;
  - The nature or characteristics of the Investment changes from what is presented in the original application at any time after receiving this Reservation;
  - The Investor is not able to provide proof of full-site control (ownership) of the Investment within 120 days of the Rebate Reservation date. It is the Investor’s responsibility to submit evidence of such within the stated timeframe.
  - The ownership of the Investment changes from what is presented in the original application. It is the current Investor’s responsibility to immediately notify DSHA of any planned changes in ownership prior to the sale, transfer or abandonment of the Investment; and/or
  - DSHA’s determination that the Investment cannot be completed within three (3) years from the date of Reservation.
- DSHA reserves the right, at its sole discretion, to reserve a portion of funds for Reservation for a year subsequent to the current year for a highly ranked project that received only a partial Reservation from the current year due solely to limited funding availability. DSHA shall only “forward commit” funds from the immediately following year’s allocation and not in an amount greater than the balance of the funds available in the current year, after the highest ranked projects have received their full Reservation.

### 3. “Substantially Commenced” Requirement

Investors receiving a Large Project Reservation must demonstrate to DSHA the ability of their project to be “substantially commenced” within 12 months from the date of Reservation at the time of application. Furthermore, Investors are required to provide evidence to DSHA that the Investment is “substantially commenced” at the one-year benchmark to avoid the Reservation being forfeited.

For an Investment to be considered “substantially commenced” a minimum of 15% of the “qualified” expenditures related to real construction activity must be expended, meaning physical construction or rehabilitation of the building or facility must be underway. This status will be verified through site inspection, request for written verification of expenditures and any additional information DSHA may request.

Investors not able to pass the “substantially commenced” test may apply for a one-time six (6) month Reservation extension. Investors must demonstrate to DSHA the ability to be “substantially commenced” within the six-month extension period in order for DSHA to approve an extension. DSHA will notify Investors in writing that an extension has been approved.

DSHA will notify Investors in writing when an Investment has not passed the “substantially commenced” test, it has been determined that an extension is not feasible and the Reservation is

therefore being forfeited. Forfeited Reservations will be reallocated to either the Large Project or Small Project set-aside, at DSHA's sole discretion.

#### 4. Attestation of Costs

Eligible costs associated with Large Project investments must be attested to by a Delaware licensed Certified Public Accountant (CPA). An Attestation of Costs must be submitted to DSHA within **60 days** of project being placed in service, in order for a project to be eligible to receive rebate funds. DSHA highly recommends that Investors engage with a CPA early on in the project to meet this deadline. Costs associated with the preparation of the Attestation are **not** eligible for a rebate and may **not** be included in the QRPI.

DSHA's Attestation of Costs Procedures, along with required forms can be accessed at [www.destatehousing.com/DDD](http://www.destatehousing.com/DDD).

### D. Final Rebate Process

Large Project Investors **must** apply for a Rebate Reservation in order to receive a rebate. Once a project **with** a Reservation is fully completed, placed in service and all costs associated with the QRPI have been paid in full and the Attestation of Costs has been completed, an Investor may submit a **rebate disbursement request**.

The final rebate may be less than the Reservation amount, but **not** greater. Costs associated with project changes not included in original Reservation application will **not** be considered.

#### 1. Request for Rebate Disbursement

Investors **with** a Reservation must submit the following information to DSHA within **60 days** of the building or facility being placed in service to receive a Rebate:

- Copy of original Rebate Reservation;
- Placed-in-Service documentation;
- CPA Attestation of Costs Report (Agreed-Upon Procedures and Findings)
  - DSHA Attestation forms AC101-104 completed and signed (includes Rebate Disbursement Request);
- Narrative description of Final Scope of Work;
- Demonstration that Project Priority Considerations have been met, if applicable;
- Digital Photographs of completed building or facility; and
- Completed and signed W-9 Form.

#### 2. Compliance Review and Inspection

DSHA will review all documentation for compliance with the program and, as part of this review will conduct a physical inspection of the property to confirm the project conforms to the project scope outlined in the Reservation.

The inspection will include, but is not limited to, verifying the following:

- Completion of municipal or governmental agency inspections;
- Project completeness. Depending on nature of project, evidence that business activity is taking place or about to begin;
- Parcel location;

- Building or facility use;
- Conformity with Scope of Work submitted in the original Large Project Rebate Reservation Application;
- Verification that work performed supports documentation of submitted QRPI; and
- Project Priority Considerations have been met, if applicable.

### 3. Final Rebate

- Investors can expect to receive a rebate within **60 days** from the date DSHA receives the CPA's Attestation of Costs, Request for Disbursement and **all** required support documentation. DSHA reserves the right to request additional documentation as needed.
- Final rebates may be less than the Reservation amount, but **not** greater.
- DSHA, at its sole discretion, will determine the final rebate.

---

## Application Submission and DSHA Contact Information

---

Instructions for packaging and submitting DDD applications to DSHA are included in each of the applications. If you are interested in applying or have questions regarding the **DDD Rebate Program**, please contact:

**Penny Pierson**, Management Analyst III, DDD Program Manager

Email: [Penny@destatehousing.com](mailto:Penny@destatehousing.com)

Phone: (302) 739-0246

**Tunisha Royal-Scott**, Management Analyst I

Email: [Tunisha@destatehousing.com](mailto:Tunisha@destatehousing.com)

Phone: (302) 739-0221

---

## Appendix A: DDD Rebate Program Related Definitions

---

- **Building:** defined as any construction meeting the ordinarily accepted meaning of the term, usually a roofed and walled structure built for permanent use where: (1) areas separated by interior floors or other horizontal assemblies and (2) areas separated by fire walls or other vertical assemblies shall not be construed to constitute separate buildings, irrespective of having separate addresses, ownership or tax assessment configurations, unless there is a property line contiguous with the fire wall or vertical assembly.
- **DSHA:** defined as the Delaware State Housing Authority.
- **Downtown Development District or “District”:** defined as an area within a municipality or unincorporated area designated as a Downtown Development District by the Governor in accordance with Chapter 19 of Title 22.
- **District Plan:** defined as the strategic plan or other detailed description of the overall strategy for the development of a proposed district submitted by the municipality or unincorporated area as part of its application for District designation.
- **DDD Rebate:** defined as a Downtown Development District Rebate.
- **Facility:** defined as a complex of buildings, co-located at a single physical location within a District, all of which are necessary to facilitate the conduct of the same residential, trade, or business use. This definition applies to new construction as well as to the rehabilitation and expansion of existing structures. Multi-family rental developments described as “scattered site” will be considered a single facility for DDD program purposes. An exception is made only for scattered site homeownership units developed by a non-profit.
- **Minimum Qualified Investment Threshold or MQIT:** defined as the minimum level of Qualified Real Property Investment required to be made by an Investor in a building or facility in order to qualify for a DDD Rebate. Notwithstanding the foregoing, for beginning with the fiscal year ending June 30, 2015, the Minimum Qualified Investment Threshold shall be **\$25,000** per building or a facility. No more often than once per year, DSHA may amend the Minimum Qualified Investment Threshold with respect to uses (residential, commercial, industrial, etc.), types of projects (rehabilitation, new construction, etc.), or other criteria determined by DSHA to be necessary or convenient to accomplish the purposes of this program. Notwithstanding the foregoing, no investment in the rehabilitation, expansion, or construction of any building or facility in a District shall count toward meeting the Minimum Qualified Investment Threshold unless it is performed in accordance with the District Plan and **after** the date the real property is officially incorporated within the boundary of a designated District.
- **Mixed-Use:** defined as a building or facility that blends a combination of residential, commercial, or industrial uses.
- **Municipality:** defined as any incorporated town or city of this State.

- **Permanent Full-Time Position:** defined as a job of indefinite duration at a business firm located in a designated District, requiring the employee to report to work within the District; and requiring (i) a minimum of 35 hours of an employee’s time per week for the entire normal year of a business firm’s operation, which a normal year must consist of 48 weeks, (ii) a minimum of 35 hours of an employee’s time per week for the portion of the calendar year in which the employee was initially hired for or transferred to the business firm, or (iii) a minimum of 1,680 hours per year. Such positions shall not include: (i) seasonal, temporary, or contract positions, (ii) a position created when a job function is shifted from an existing location in the State to a business firm located with an District, (iii) any position that previously existed in the State, or (iv) positions created by a business that is simultaneously closing facilities in other areas of the State.
- **Qualified District Investor or Investor:** defined as an owner or tenant of real property located within a District who expands, rehabilitates or constructs such real property for residential, commercial, industrial or mixed use. In the case of a tenant, the amounts of qualified real property investment specified in this section shall relate to the proportion of the building or facility for which the tenant holds a valid lease. In the case of an owner of an individual unit within a common interest community, as such term is defined in 25 Del.C. § 81-103(11), the amounts of qualified real property investments specified in this chapter shall relate to that proportion of the building for which the owner holds title and not to common elements.
- **Qualified Real Property Investment or QRPI:** defined as the amount that is properly chargeable to a capital account for improvements to rehabilitate, expand or construct depreciable real property placed in service within a District. Specific inclusions and exclusions from the definition of “Qualified Real Property Investment” shall be determined by DSHA, but such definition shall generally include expenditures associated with (i) any exterior, interior, structural, mechanical or electrical improvements necessary to construct, expand or rehabilitate a building or facility for residential, commercial, industrial, or mixed use; (ii) excavations; (iii) grading and paving; (iv) installing driveways; (v) land improvements; and (vi) demolition (must result in construction of a new building). Notwithstanding the foregoing, no investment in the rehabilitation, expansion, or construction of any building or facility in a District shall be a Qualified Real Property Investment unless it is performed in accordance with the District Plan and **after** the date the real property is officially incorporated within the boundary of a designated District.
- **Street Level Pedestrian Friendly Use:** A use provided at street level that generates significant foot traffic. Street level grocery, retail, restaurant, and entertainment uses are considered pedestrian friendly. Other uses qualify if they generate street level pedestrian activity for at least 13 hours per day or provide street-level uses that generate at least 400 users a day.
- **Substantially Commenced:** For the Investment to be considered “substantially commenced” a minimum of 15% of the “qualified” expenditures related to real construction activity must be expended, meaning physical construction of the Investment must be underway. This status may be verified through site inspection and request for written verification of expenditures.

## Appendix B: Cost Eligibility Definitions by Line Item

For the purposes of the DDD Rebate Program, eligible costs are generally referred to as “hard costs” that are costs associated with the building structure. Costs may include materials and labor required to construct the building envelope and building interior. Eligible costs defined below are only eligible if the work is performed by a third-party Delaware-licensed contractor.

\*Ineligible costs described in the table below are for example purposes only and do not represent all ineligible costs. Depending on the nature of the investment/project and documentation submitted there could be additional ineligible costs. Please contact DSHA for questions regarding eligibility of costs.

COST CATEGORY	ELIGIBLE COSTS	INELIGIBLE COSTS*
<b>Appliances/ Equipment</b>	<p>Costs associated with the purchase and installation of appliances/equipment for commercial or industrial activities deemed by DSHA as part of the permanent building structure may be considered eligible. DSHA will make determination of eligibility at the time of investment completion and completed inspection by DSHA. Purchase price of the appliance/equipment must be greater than \$1,500 <u>each</u>. Additionally, for eligibility consideration, appliances/equipment must be installed by a DE-licensed professional.</p> <p>Examples of previously approved appliances/equipment:</p> <ul style="list-style-type: none"> <li>o Walk-in refrigerator and freezer used for commercial activities enclosed within the wall structure of a building;</li> <li>o Large commercial gas-range and ventilation system used for commercial activities; and</li> <li>o Brewing tank and connective plumbing - Installation required the use of a crane to lower the equipment through an opening in the roof, and will require the roof or part of the roof to be removed in order to remove the tank from the building.</li> </ul>	<p>Costs associated with the purchase, installation or repair of single or multi-family residential appliances. This includes mixed-use and commercial buildings that include residential use.</p> <p>Costs associated with commercial equipment that is considered portable or easy to disconnect from utilities and remove from existing location to a new location.</p>
<b>Building Environmental Remediation</b>	Costs associated with the removal or remediation of asbestos, lead-based paint or other environmentally hazardous substances.	Costs associated with testing and environmental audit fees.
<b>Carpeting</b>	Costs associated with the installation or replacement of carpeting, padding, and carpet tiles.	Costs associated with the purchase of area or throw rugs, and carpet cleaning.
<b>Concrete</b>	Costs associated with concrete foundation, slab work, or gypcrete work.	Costs associated with sidewalk or curb work that is not a requirement
<b>Demolition</b>	For rehabilitation projects, costs include demolishing existing walls, floors, ceilings, roofs, non-essential buildings, etc., and disposal fees directly related to the demolition.	Costs associated with wrecking, destroying or the tearing down of non-essential buildings/structures without replacing with a new building/structure.

<b>COST CATEGORY</b>	<b>ELIGIBLE COSTS</b>	<b>INELIGIBLE COSTS*</b>
<b>Door and Frames</b>	Costs associated with interior and exterior doors, metal or wood frames, hardware for <u>newly installed</u> doors and lock systems, hinges and doorstops.	Costs associated with the repair of an existing door or replacement of hardware on an existing door.
<b>Drywall</b>	Costs associated with gypsum board, spackling, tape and finishing work.	Costs associated with minor drywall repairs.
<b>Electrical</b>	Costs associated with all wiring for the interior of a building including, but not limited to, devices, electrical boxes, switches, paddle and exhaust fans, light fixtures, outlets, interior cable and phone lines.	Cost associated with electric hookups, installation or removal of electric meters, meter panels, electric utility disconnection or access fees.
<b>Elevators</b>	Costs associated with the purchase and installation of elevators.	Costs associated with maintenance type repairs. <i>If repair costs are substantial and work is done in conjunction with the construction of a rehabilitated building, DSHA will review for rebate consideration.</i>
<b>Exterior Siding</b>	Costs associated with all exterior siding, including, but not limited to, vinyl, concrete plank, stucco, moisture and thermal protection (Tyvek), all associated trim, fypons, and architectural millwork.	Costs associated with minor repairs.
<b>Finished Carpentry</b>	Costs associated with kitchen and bathroom cabinetry, installation of doors and windows, trim, window sills, baseboards, and casework.	Costs associated with minor repairs.
<b>Fire Alarm/ Security System Equipment</b>	Costs associated with close circuit/security cameras, fire alarm/annunciation panels, electronic entry systems, nurse/emergency call systems.	Costs associated with video monitors.
<b>Flooring</b>	Costs associated with vinyl, VCP plank, engineered flooring, hardwood flooring, underlayment, sheet goods, ceramic tiles, stained concrete, or VCT flooring for the building.	Costs associated with minor flooring repairs.
<b>HVAC</b>	Costs associated with installation and products for heating and air conditioning for the units and common areas (must be code compliant).	Costs associated with minor repairs, maintenance type repairs and service calls.
<b>Insulation</b>	Costs associated with insulation located at slabs/footers, walls, floors or attic areas, including batt, blown-in, spray-on, fire stopping and rigid types.	
<b>Joint Sealant</b>	Costs associated with interior and exterior caulking including, but not limited to, all bathroom and kitchen areas, trim, baseboards, fire-stopping and all exterior areas	Costs associated with maintenance or minor repairs.
<b>Kitchen and Bathroom Cabinets</b>	Costs associated with kitchen and bathroom cabinets, including all base and wall cabinets, countertops, side and wall splash guards, and bathroom vanity.	Costs associated with maintenance or minor repairs if existing cabinetry.
<b>Land Improvements</b>	Costs include construction of parking areas, driveways, and striping, re-surfacing, seal-coating, parking bumpers.	Costs associated with a parking area or driveway when not in conjunction with the rehabilitation or new construction of a building.



<b>COST CATEGORY</b>	<b>ELIGIBLE COSTS</b>	<b>INELIGIBLE COSTS*</b>
<b>Masonry</b>	Costs associated with any block, brick, or stonework, including foundation footings, paving, restoration/power washing, re-pointing, and acid washing.	Costs associated with minor repairs. Power washing not in conjunction with the rehabilitation or new construction of a building.
<b>Metals/Gutters/Downspouts</b>	Costs associated with miscellaneous metals and drip edge, fascia, headers, columns, and interior and exterior metal railings. Steel stairs, beams and other structural metals are included.	Costs associated with maintenance or minor repairs.
<b>Painting</b>	Costs associated with the interior and exterior painting of a building.	
<b>Plumbing</b>	Costs associated with all rough and finished plumbing, included but limited to, hot and cold water supplies, sanitary connections, venting, purchase and setting of fixtures (toilets, tubs, sinks, showers, dishwashers, garbage disposals, water heaters, hose bibs, laundry rooms).	Costs associated with minor repairs, maintenance type repairs and service calls.
<b>Roofing</b>	Costs associated with all roofs, including but not limited to, shingles, vents, metal flashing, underlayment, ice shields and rubber roofs. Replacement or substantial replacement/repair of a roof is eligible; however, a minor roof repair is not eligible. For the purpose of this program, a substantial repair is greater than 40% of what it would cost to fully replace the roof. DSHA will determine eligibility upon inspection of the roof at time of completion.	Costs associated with minor roof repairs.
<b>Rough Carpentry</b>	Costs associated with all framing, additions, setting trusses and roof, wall or floor sheathing.	
<b>Site Grading</b>	Costs include stripping top soil, stock piling and grading, rough and finish grading, and imported fill material when in conjunction with the new construction or rehabilitation of a building.	
<b>Site Utilities</b>		Gas, electric, water and sewer line work.
<b>Solar Panels</b>	Must be in conjunction with the new construction or rehabilitation of a building or facility; investor must own solar panels and be the eligible recipient of the Renewable Energy Tax Credit; panels must be attached to the building (rooftop); Costs include: solar panels and associated operating equipment.	Costs associated with free standing solar panel systems and solar farms.  Service fees.
<b>Specialties</b>	Costs associated with fire extinguishers, handicap accessibility requirements, unit and building identification numbers, permanent shelving/closet linen/vinyl coated components.	Costs associated with removable or decorative shelving.
<b>Sprinklers</b>	Costs associated with code compliant fire protection sprinkler system and all associated pertinent equipment located in the building/facility.	Costs associated with the installation of a water line whose function is to bring water to the building from the main water line.

COST CATEGORY	ELIGIBLE COSTS	INELIGIBLE COSTS*
<b>Toilet Accessories</b>	Costs associated with shower rods, grab bars, towel bars, toilet paper holders, mirrors, and medicine cabinets for the units or facility.	Costs associated with shower curtains and bathroom linens.
<b>Windows</b>	Costs associated with the purchase and installation of windows and patio doors, including screens.	Costs associated with minor window repairs, unless associated with an historic preservation project.

## Appendix C: Priority Considerations

PRIORITY CONSIDERATIONS	SCORE
<b>IDENTIFIED AS PRIORITY PROJECT</b>	
<ul style="list-style-type: none"> <li>Identified in District Plan as Priority Project</li> </ul>	<b>3</b>
<b>READINESS TO PROCEED</b>	
<ul style="list-style-type: none"> <li>Building permits secured prior to Reservation application</li> </ul>	<b>2</b>
<b>CREATES PERMANENT JOBS</b>	
<ul style="list-style-type: none"> <li><b>Creates 5</b> or more permanent full-time positions *</li> </ul>	<b>1</b>
<ul style="list-style-type: none"> <li><b>Creates 20</b> or more permanent full-time positions *</li> </ul>	<b>2</b>
<b>CREATES OR SUSTAINS MIXED-USE DEVELOPMENT **</b>	
<ul style="list-style-type: none"> <li>Includes residential above 1<sup>st</sup> floor</li> </ul>	<b>1</b>
<ul style="list-style-type: none"> <li>Includes at least <b>2</b> uses vertically mixed</li> </ul>	<b>0.5</b>
<ul style="list-style-type: none"> <li><u>And</u> street level pedestrian friendly uses*</li> </ul>	<b>0.5</b>
<b>EXPANDS HOUSING OPPORTUNITIES</b>	
<ul style="list-style-type: none"> <li>Provides a mixture of housing types or tenure</li> </ul>	<b>1</b>
<ul style="list-style-type: none"> <li>Creates homeownership or converts rental to homeownership via non-profit entity</li> </ul>	<b>1</b>
<b>PROTECTS HISTORIC RESOURCES</b>	
<ul style="list-style-type: none"> <li>Preserves or reuses buildings of historical significance</li> </ul>	<b>1</b>
<b>ADAPTIVELY REUSES EXISTING STRUCTURES</b>	
<ul style="list-style-type: none"> <li>Adapts old structures for new purposes while retaining architectural uniqueness</li> </ul>	<b>1</b>
<b>PROMOTES SUSTAINABLE PRACTICES</b>	
<ul style="list-style-type: none"> <li>Receives U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification. <b>Refer to Appendix E for available funding and requirements.</b></li> </ul>	<b>2</b>
<ul style="list-style-type: none"> <li>Participates in a Delaware Sustainable Energy Utility (DSEU) Program. <b>Refer to Appendix F for available DSEU Programs.</b></li> </ul>	<b>1</b>

\*See Appendix A for definitions.

\*\* Creates a mix of uses within a new building/facility OR sustains mixed use within an existing building/facility that, without this assistance, mixed-use is not possible.

## Appendix D: Priority Considerations Required Documentation

PRIORITY	DOCUMENTATION
<b>PROJECT IDENTIFIED AS PRIORITY PROJECT</b>	
<ul style="list-style-type: none"> <li>Identified in District Plan as Priority Project</li> </ul>	Reference page in DDD plan
<b>READINESS TO PROCEED</b>	
<ul style="list-style-type: none"> <li>Building permits secured prior to Reservation application</li> </ul>	Copy of obtained building permit, dated appropriately to allow activity to commence within a time frame that allows for completion in accordance with District rebate
<b>CREATES PERMANENT JOBS</b>	
<ul style="list-style-type: none"> <li>Creates 5 or more permanent full-time positions *</li> </ul>	Documentation of employer commitment along with number of permanent full-time employees *
<ul style="list-style-type: none"> <li>Creates 20 or more permanent full-time positions *</li> </ul>	
<b>CREATES OR SUSTAINS MIXED-USE DEVELOPMENT</b>	
<ul style="list-style-type: none"> <li>Includes residential above 1<sup>st</sup> floor</li> </ul>	Verified from proposal and site plan
<ul style="list-style-type: none"> <li>Includes at least 2 uses vertically mixed</li> </ul>	Verified from proposal and site plan
<ul style="list-style-type: none"> <li><u>And</u> street level pedestrian friendly uses *</li> </ul>	Verified from proposal and site plan
<b>EXPANDS HOUSING OPPORTUNITIES</b>	
<ul style="list-style-type: none"> <li>Provides a mixture of housing types or tenure</li> </ul>	Verified from proposal and site plan to provide two or more housing types (i.e., single family, attached, multi-family) and/or both homeownership and rental
<ul style="list-style-type: none"> <li>Creates homeownership or converts rental to homeownership via non-profit entity</li> </ul>	A non-profit applicant with stated proposal (mission and proof of 501©3)
<b>PROTECTS HISTORIC RESOURCES</b>	
<ul style="list-style-type: none"> <li>Preserves or reuses buildings of historical significance</li> </ul>	Copy of SHPO determination of 'Part 1 – Certification of Historic Property', SHP Tax Credit Application
<b>ADAPTIVELY REUSES EXISTING STRUCTURES</b>	
<ul style="list-style-type: none"> <li>Adapts old structures for new purposes while retaining architectural uniqueness</li> </ul>	Verified from proposal, site plan, pictures and proposal for reuse
<b>PROMOTES SUSTAINABLE PRACTICES</b>	
<ul style="list-style-type: none"> <li>Receives LEED Silver certification</li> </ul>	<b>Refer to Appendix E for available funding and requirements</b>
<ul style="list-style-type: none"> <li>Participates in a Delaware Sustainable Energy Utility (DSEU) Program</li> </ul> <p><b>Refer to Appendix F for DSEU Programs</b></p>	<p><b>Submitted with Reservation application</b></p> <ul style="list-style-type: none"> <li>Signed DSEU letter certifying participation</li> </ul> <p><b>Submitted with Final application</b></p> <ul style="list-style-type: none"> <li>Signed DSEU letter certifying completion</li> </ul>

\* See Appendix A for definitions

---

## Appendix E: Promoting Sustainable Practices

---

The SOFA grant is available *only* to applicants receiving DDD rebate funds.

Sustainable Practices are practices essential for the future of environmental protection or that positively benefit the environment of a community. The DDD Rebate program seeks to promote sustainable practices by incentivizing projects that achieve high energy-efficiency; reduce the carbon footprint of the community; or, protect the many residents who are unable to pay high bills associated with keeping homes comfortable and safe during extreme weather. Sustainable Practices are encouraged as follows:

- When Reservation applications for Large Projects **exceed** the funding allocated, then Reservation requests that address one or more Priority Considerations, including Promotes Sustainable Practices, will receive points according to the scoring guidelines outlined in Appendix C.
- DSHA received a Strategic Opportunity Funds for Adaptation (SOFA) grant to pay for third-party costs associated with achieving the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification. *These costs are not eligible expenses under the DDD rebate and will not "double-dip" DDD rebate funds.* This grant is capped at **\$30,000 per building or facility** regardless of documented third-party costs.

### Process for applicants pursuing LEED Silver certification

- Submitted with Reservation application:
  - A completed and signed LEED Letter of Intent
  - A copy of the developer's contract with a LEED Accredited Professional (or LEED consultant)
  - A copy of LEED Accredited Professional certificate or list of experience
- Reservation Award Letter will include requirement to submit following within 60 days:
  - A copy of the LEED scorecard
  - A copy of the online Design Review printout
  - Contact information for USGBC LEED contact who will review project and approve certification
- During DDD Project Construction
  - Review applicant's LEEDOnline.com documentation showing the progress on the LEED requirements every 6 months
- Building is Complete and Certified
  - Applicant submits copy of their GCBI LEED Silver certification and the \$30,000 is disbursed.

Applicants can submit documentation of third-party costs along the design, development, and certification process. However, DSHA will not disburse SOFA funds until project is completed, LEED Silver certification obtained, and documentation of third-party expenses is submitted to DSHA.

If you are interested in applying for or have questions regarding the **SOFA Grant Program**, please contact:

**Karen E. Horton**, AICP, Principal Planner  
Email: [KarenH@destatehousing.com](mailto:KarenH@destatehousing.com)  
Phone: (302) 739-4263

## Appendix F: Delaware Sustainable Energy Utility (DSEU) Program

NAME	DESCRIPTION
<b>Solar Renewable Energy Credits (SREC) Banking Program</b>	Using its legal authority to bank Solar Renewable Energy Credits (SRECs) the SEU can assist in the financing of Solar Photovoltaic (PV) arrays by acquiring SREC's from new construction projects, holding the SRECs for a future buyer who is contracted at the time of construction. The SEU used this authority to assist in the financing of the Dover Sun Park Project in 2010 which is among the largest solar facilities in the country.
<b>SREC Procurement Program</b>	The SEU operates the Delaware SREC Procurement Program under contract with Delmarva Power. The SEU acquires SREC's from existing and proposed owners of solar arrays for Delmarva Power. The program is operated as an on-line annual auction held in the Spring of each year. The program is designed by the Delaware Renewable Energy Task Force and is approved by the Public Service Commission. <a href="http://www.srecdelaware.com/">http://www.srecdelaware.com/</a>
<b>Delaware Green 4 Green Program</b>	The SEU provides incentives for newly constructed residential homes in Delaware. The current program is being redesigned to offer incentives to home builders; the incentive levels and standards have not yet been finalized. The goal is to shift the market to be more efficient than current residential energy building codes and move the residential market toward net zero energy capable. The program will be administered through a third party contractor; the Home Builders Association of Delaware is a key program partner. <a href="http://degreen4green.com/">http://degreen4green.com/</a>
<b>Low Interest Loan Program for Business and Non-profits</b>	The SEU provides direct low-interest loans to businesses, non-profits, and governments for the purpose of financing Energy Efficiency Measures (ECM's), Renewable Energy Projects, Alternative Fuel Vehicles and Infrastructure and carbon emissions reduction measures. Loans can range between \$25,000 and \$1 Million. Loan terms are based on payback of the efficiency measures. Rates can vary from 50% to 120% of the AA 20 year municipal bond index. The borrower must be credit qualified. <a href="http://www.energizedelaware.org/Efficiency-Plus-Business-Program/">http://www.energizedelaware.org/Efficiency-Plus-Business-Program/</a>
<b>SEU Energy Assessments for Non-profits and local governments</b>	The SEU provides direct low-interest loans to businesses, non-profits, and governments for the purpose of financing Energy Efficiency Measures (ECM's), Renewable Energy Projects, Alternative Fuel Vehicles and Infrastructure and carbon emissions reduction measures. Loans can range between \$25,000 and \$1 Million. Loan terms are based on payback of the efficiency measures. Rates can vary from 50% to 120% of the AA 20 year municipal bond index. The borrower must be credit qualified. <a href="http://www.energizedelaware.org/Efficiency-Plus-Business-Program/">http://www.energizedelaware.org/Efficiency-Plus-Business-Program/</a>
<b>Home Performance with ENERGY STAR – Downtown Development District</b>	This program offers energy audits at a cost of \$100 to the homeowner, rebates and 5.99% low-interest loans to implement energy savings recommendations identified through the audit. Individual rebates range from \$150 to \$1,000, with a total eligible rebate amount of \$6,750 (Up to \$7,825 through 12/31/2016 with increased incentives for HVAC measures). In addition to the audit, participants will get direct install measures such as energy efficient light bulbs and smart power strips. Financing is available up to \$25,000 with a ten year term, participants must be credit eligible. <a href="http://www.energizedelaware.org/Home-Performance-with-Energy-Star/">http://www.energizedelaware.org/Home-Performance-with-Energy-Star/</a> <i>The DDD program is a variation of this Home Performance Program listed above. Greater rebates for audits and implemented energy efficiency measures for those who live in designated DDD districts.</i> <a href="http://www.energizedelaware.org/Downtown-District-Development-Program/">http://www.energizedelaware.org/Downtown-District-Development-Program/</a>

NAME	DESCRIPTION
<b>Assisted Home Performance Program</b>	This program is a variation of the Home Performance Program listed above. Greater rebates for audits and implemented energy efficiency measures for those individuals that are income qualified. The SEU has partnered with Catholic Charities to complete the income qualification verification for this program. <a href="http://www.energizedelaware.org/Assisted-Home-Performance/">http://www.energizedelaware.org/Assisted-Home-Performance/</a>
<b>SEU-Cinnaire Loans Multiple Units and Non-Profits Serving Low and Moderate Income Families</b>	The SEU has joined with Cinnaire and its member banks in establishing a low-interest loan fund to assist Low and Moderate Family Housing providers and Non-profits who serve low and moderate income families. The SEU will provide a portion of the capital for these projects and will be taking a top loss position for the purpose of reducing the risk to the member banks allowing for lower interest rates. This partnership is bringing an additional \$9 million in capital funding.
<b>Commercial Solar Thermal &amp; Geothermal Incentive Grants</b>	The SEU provides incentives to commercial size solar thermal or geothermal systems. The program is designed to incentivize the construction of non-residential solar-thermal and geothermal heating systems and provides rebates up to \$200,000. The rebates are based on the size of the systems and are generally designed to cover approximately 30% of the total cost of the project. <a href="http://greengrantdelaware.com/green-grant-solar-hot-water-and-geothermal/">http://greengrantdelaware.com/green-grant-solar-hot-water-and-geothermal/</a>
<b>Energy Efficiency Investment Fund (EEIF) for Non-Profits</b>	EEIF for Non-Profits Program provides incentives for investments in energy efficient equipment and helps non-profits decrease operating costs, reduce energy consumption, and improve environmental performance and comfort. Program provides information and prescriptive incentives to help non-profits install high efficiency natural gas heating and water heating equipment, energy efficient lighting improvements, vending improvements, and more. Program also offers incentives for energy assessments, and custom incentives for unique energy efficiency projects that do not qualify for a prescriptive grant.
<b>Net Zero Energy Manufactured Home Program</b>	The SEU has contracted with Vermont Energy Investment Corporation (VEIC) to administer the program and is partnering with Milford Housing Authority to implement the program and Beracah Homes to construct the Net Zero Energy Manufactured Homes (NZEMHs) with incentives and low-interest loans to be provided by the SEU for income eligible Delaware homeowners to purchase these NZEMHs. The program goal is to construct 25 net zero homes in three years.