Deleware State Housing Authority

Kent County Economic Summit

September 22, 2015

Delaware State Housing Authority
18 The Green
Dover, DE 19901
(888) 363-8808

Visit us at www.destatehousing.com
Downtown Development District (DDD) Program

Created to *leverage state resources* in designated downtown areas to:

- Spur private investment
- Improve commercial vitality
- Build a stable community of long-term residents
Downtown Development District Program

- Partnership with Office of State Planning Coordination
- Districts designated by Governor
- Access to incentives for development
- 3 Districts designated in 2015
  - Wilmington
  - Dover
  - Seaford
Downtown Development District Grants

Key incentive to **support and further encourage investment** within the designated Districts

- Established by DDD Act and administered by DSHA
- $7 million appropriation in FY2015
  - $5.6 million in large project reservations for 13 projects announced in April
- $8.5 million appropriation in FY2016
District Grant Summary

Grant is for investors undertaking rehabilitation, expansion, or new construction projects within a District.

- Building/facility must be commercial, industrial, residential, or mixed-use
- Grant is up to 20% of Qualified Real Property Investments (QRPI) over Threshold
  - NEW! For small project investors who make less than $250,000 QRPI, the MQIT has been lowered to $15,000
  - For large project investors who make more than $250,000 QRPIs, the MQIT is $25,000
- Activity must conform to District Plan
Two Set-Asides

Small Project Set-Aside – Fall 2015  $1,000,000

• Available to investors whose total Qualified Real Property Investment does not exceed $250,000 per building/facility.

• NEW! Applicant now have option to apply for a **Lite Reservation** to ensure funding availability for 6 months.

Large Project Set-Aside – Fall 2015  $8,000,000

• Allocated through a Reservation process **prior** to beginning project.

• Assures investors their projects will be funded once successfully completed.
Small Project Set-Aside

Example:

Investor spends $300,000 to expand an existing commercial building. $230,000 of the investment are capital costs.

- Qualified Real Property Investment: $230,000
- Minimum Qualified Investment Threshold: $15,000
- Grant Eligible: $205,000

\[ \text{Grant Eligible} \times 0.20 = \text{DDD GRANT} \]

\[ \boxed{\text{DDD GRANT} = 205,000 \times 0.20 = 43,000} \]
Large Project Set-Aside

Grant Range

- Grant is calculated at 20% of the Qualified Real Property Investments for grants up to $500,000
  
  Reflects a $2,525,000 investment

- District Grants over $500,000 calculated at lower rate

- Grant limit $1,000,000

- Capped per building/facility over a 5-consecutive year term
Large Project Set-Aside

When Reservation applications exceed the funding allocated, then applications that address one or more of the following priorities will receive special consideration.

- **Identified as a Key Priority Project in District Plan**
- **Creates permanent jobs**
- **Provides mixed-use development**
- **Expands housing opportunities**
  - **NEW!** 1 point category for projects that create homeownership or converts rental to homeownership via non-profit entity
- **Protects historic resources**
- **Adaptively reuses existing structures**
- **Promotes sustainable practices**
Large Project Examples

Examples:

<table>
<thead>
<tr>
<th></th>
<th>Rehab</th>
<th>New Construction</th>
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</thead>
<tbody>
<tr>
<td>Investment</td>
<td>$600,000</td>
<td>$10,000,000</td>
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<tr>
<td>Threshold</td>
<td>-$25,000</td>
<td>-$25,000</td>
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<tr>
<td>Grant Eligible</td>
<td>$575,000</td>
<td>$9,975,000</td>
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<tr>
<td>X 0.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRANT</td>
<td>$115,000</td>
<td>$700,000</td>
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</table>

reference Investment Range

<table>
<thead>
<tr>
<th>Investment Range</th>
<th>Grant Amount</th>
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<tbody>
<tr>
<td>$9,500,001 - $10,500,000</td>
<td>$700,000</td>
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</table>
2015 Large Project Reservations

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Project Awards</td>
<td>$5.6 M</td>
</tr>
<tr>
<td>Total Qualified Real Property Investments</td>
<td>$65.5 M</td>
</tr>
<tr>
<td>Total Development Costs</td>
<td>$114.5 M</td>
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</tbody>
</table>

Residential

- Affordable Homeownership *(Central DE Habitat, WHP)*
- Rental *(Sacred Heart II, Market Street Village)*

Commercial/Mixed Use

- Historical Society of Delaware
- Market Street Village
- Priscilla Building
Community Impact

Leveraging Private Investment
• $5.6 million leveraging more than $100 million in private investment
• Strong demand – responding to market trends

Leveraging Resources and Partnerships
• Kent County matching up to $10,000 per project
• Powerful local incentives such as Dover’s
• Great Lakes/DCIC and NCALL created finance programs
• Energize Delaware
• Other State agency incentives
Priscilla Building
State Street, Dover
What’s Next for DDD Grants

Fall - Large Project Reservation Round

• $8,000,000 available for Large Projects

• Applications, forms and guidelines are available at DSHA’s website at http://DeStateHousing.com

  **Tuesday, December 1st**

  • Deadline for Large Project Reservations applications

December – Issue Annual Report
Thank You

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