

MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING

4:30 p.m.

November 5, 2018

Vice-Mayor Henderson brought the meeting to order with the following committee members present: Trisha Newcomer, Director of Economic Development and Community Relations, Mrs. Joan Neal and Charles Anderson, City Manager.

Trisha Newcomer presented Agenda Item #1, discuss and review an application for the Rental to Homeownership Incentive Program.

Mrs. Newcomer stated that another rental to homeownership application has been received since the last Economic Development committee meeting. In order to qualify for the incentive, the property must be an existing single family residence within the Seaford City limits; used exclusively as a rental property for a minimum of three years immediately prior to conversion; the new owner must occupy the property within one year of the date of purchase; has been recommended by the Economic Development Committee and approved by the Seaford City Council; organizations with non-profit status do not qualify and the property owner must be in good standing with all City accounts at a zero balance.

Mrs. Newcomer provided information about the amount of the incentive for the buyer and seller. For the buyer, the City will abate the City property tax charge, for a qualifying property, for five years after occupancy by the property owner. The City will graduate the City property tax charge for a five year period (year 1 – no property tax charge, year 2 – 20% of the tax assessment) until year 6 when the property will be charged the full property tax assessment in effect at such time. The tax incentive is non-transferable. For the seller, the City will provide an incentive equal to five times the full property tax assessment in effect at the time of transfer to a qualifying property owner. The City will disburse the seller incentive once the qualifying buyer occupies the property. It was added in order to be considered for the agreement, an application must be submitted and an agreement outlining the terms and uses of the incentive must be formed with the City of Seaford, the seller and the property owner(s) prior to any funds being distributed to the seller or property taxes are reduced for the buyer.

The property is located at 723 E Ivy Drive which is owned by Mr. Lawrence Manlove. This property has been used as a rental property for 27 years. For this property, the seller would receive an incentive in the amount of \$2,298.65. The buyer would receive a tax abatement for five years as follows:

- Year 1 – no property tax charge
- Year 2 – \$91.95
- Year 3 - \$183.89
- Year 4 - \$275.85
- Year 5 - \$367.78
- Year 6 - \$459.73 (full amount)

Mrs. Newcomer reminded the group that these figures are based on our current tax assessment and the City is currently in the process of doing a City-wide property tax reassessment.

Vice-Mayor Henderson asked what the total impact to the City would be for this property. Mrs. Newcomer stated that the seller would receive a up front check in the amount of \$2,298.65 and then the buyer would receive the tax abatement for the 5-year period.

Vice-Mayor Henderson asked when the financial good standing ordinance is checked. Mrs. Newcomer stated that when an application comes in, it is checked and then again at settlement prior to the check or tax abatement being issued. Vice-Mayor Henderson asked if a lapse occurs with the financial good standing ordinance if the amount gets escrowed out? City Manager Anderson stated that when the check is cut for the incentive they have to be in good standing. Vice-Mayor Henderson asked what if a renter had a balance on an electric account. City Manager Anderson stated that we would reach out to them to let them know that their account has to be current.

Mrs. Newcomer pointed out that if this application is approved today, this would make the fifth approved application for the rental to homeownership incentive. For the seller incentives, the City will have paid out \$11,694.57. In the current budget, only \$1,000 was budget for this incentive; the overages have been coming out of the reinvestment incentive which is now out of funds.

Vice-Mayor Henderson asked for any additional questions or comments from the committee. He then called for a motion. Mrs. Neal made a motion to recommend the rental to homeownership application for 723 E. Ivy Drive to City Council as written. City Manager Anderson seconded the motion; motion so passed with all present voting in favor.

With no other business or questions, Mayor Genshaw adjourned the meeting at 4:39 p.m.

Tracy Torbert, Executive Secretary