

MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING

7:30 a.m.

November 8, 2019

Mayor Genshaw brought the meeting to order with the following committee members present: Councilman Dan Henderson, 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 rank proposals received for City Property Disposal and Neighborhood Revitalization. Proposals were to be submitted and received by the City of Seaford on Friday, November 22, 2019 at 2:00 p.m.

Mrs. Newcomer stated that the City originally solicited for proposals for the redevelopment of the property identified as Sussex County Tax Map #431-5.00-364.01 in July 2019. These proposals were rejected by City Council in August for not meeting the bid requirements. The property is approximately 15,000 +/- square feet in area and bounded by Third Street and Liberty Street.

There were two proposals received; one from Legacy Vesting and one from ARS Design-Build. The proposals were distributed to the committee and the discussion was opened up to the committee members for any questions or comments on the proposals received. Mrs. Neal stated that she used the scoring matrix and scale that was used last time to rate the two proposals. She rated ARS at 70 and Legacy Vesting at 95; she added that Legacy Vesting's proposal in implements would serve two big needs in our community. City Manager Anderson stated that he thought that both proposals were well written. The proposal that Legacy Vesting submitted can be done within the Code requirements which was stressed at the last meeting. They also proposed tearing down the two existing houses which is a good thing for the area. Mayor Genshaw stated that he agreed with the previous comments. Councilman Henderson stated that after speaking with the neighbors, they are in favor the supplemental expansion of Teen Challenge. Mrs. Newcomer stated that it is a great asset and there is a need there for Teen Challenge.

Mayor Genshaw then called for a motion. Councilman Henderson made a motion to recommend to City Council the Legacy Vesting proposal as outlined. Mrs. Neal seconded the motion; motion so passed with all present voting in favor.

Mrs. Newcomer presented New Business Item #3, Request from Belle Ayre Group, LLC for consideration of waiving all impact and tap fees for the remaining 77 lots in the Belle Ayre development (SCTMP # 531-10.00-506.00 thru 531-10.00-582.00). City Manager Anderson stated that Mr. Ronnie Moore is present to represent the property and answer any questions that the committee may have. Earlier this week, there was a packet of information that was distributed to the group related to this request. The property owner Mr. Moore noted they have not found the market conditions favorable for them to finish the development and in order to make the project feasible and contingent on the sale, they are requesting the City waive all impact and tap fees for the 77 lots.

The committee was provided with three fee waiver options for consideration. The first option would be to waive all fees that are known of at this time. This would provide the developer a fee reduction of approximately \$444,852.60. Mr. Anderson added that these figures do not include the building permit fee or the electrical infrastructure costs as they are not known at this time. For option two, that would be to eliminate all of the fees for water and sewer tap and impact fees. This would provide the

developer a fee reduction of approximately \$359,975.00. In option three, it would be to eliminate water and sewer tap and street opening fees. This would give the developer a total reduction of approximately \$205,975.00. in fees.

City Manager Anderson pointed out that there are two parcels with two different zonings in the Belle Ayre development. Currently, there is a program that allows developers that have already installed all of the water and sewer taps to get a fee waiver of water and sewer taps and street opening changes in these developments. He added that all of the infrastructure is in place, he believes that this project would qualify for that program. If the developer took advantage of this program, it would take the fees down to \$238,877.60 which would provide them a reduction of \$205,975.00. This would mean that the existing program would need to be expanded depending on the time frame of the developer. Trisha clarified that the project would need to be phased over a multi-year period to qualify for the existing program.

Mayor Genshaw asked Mr. Moore what his intentions were on the building timeframe. Mr. Moore stated that he plans to sell the property. He has a buyer; however, the fee reductions are needed for the buyer to stay with the project. He added that he has been told that they plan to build all of the units immediately and are going to have them for rent.

City Manager Anderson also provided the committee with information regarding property taxes for the property. In the letter of request from Belle Ayre Group, LLC it states that it will add over \$70,000 per year in tax revenue. The City Clerk reviewed the current assessed values using similar townhomes to those that are being proposed for this project. It was found that the yearly amount of property taxes for these units would be an estimated amount of \$34,034.00 per year. Mr. Moore stated that he believes that the figure in their letter included the County taxes as well.

The current schedule of fees was also included in the packet of information distributed to the committee.

Mayor Genshaw asked for any questions or comments from the committee. Mrs. Neal asked what is the need for this type of housing in the City? Mrs. Newcomer stated that in her conversations with developers, they state that there is an extreme interest for this type of housing. She added that she is not sure of the demographic driver, however, there are many surrounding communities that are doing this type of housing and renting them out. This has been referred to as work force housing. Mr. Moore stated that his company owns Stoneybrook Village Apartments and they are 100% occupied with a waiting list. From the information that he has received from National Apartment Housing research groups, there is a shortage of housing in Sussex County. Mrs. Newcomer added that there are many retirees that are moving here and they start in apartments prior to purchasing a home.

Mrs. Neal asked when this was first developed? City Manager Anderson stated that when he first started with the City 30 years ago, it was one of the first sets of plans he reviewed. It did not receive approvals until late 1990s or early 2000s. The City would like to see this area cleaned up. Mayor Genshaw added that it would be ideal for private sector activity.

Mr. Moore added that he has found that the younger generation (25-35 years of age) do not want to own a home. They tend to move around based on where they work so they don't want to have to worry about selling a house. Councilman Henderson added that these types of homes are also popular with retirees that are downsizing or relocating to be closer to family.

Councilman Henderson asked about clarification of going back to 77 units from 66 units. Mr. Moore stated that the units were designed for first floor living; with that design, they were unable to get the square footage in with 77 lots. Therefore, the reduction was requested for that design. The new developer feels that it is more economic feasible to have more units.

City Manager Anderson stated that he has been in contact with the new developer. They are on the agenda in January for Planning and Zoning to resub divide he property for greater density.

Councilman Henderson expressed a concern of offering the developer these incentives and they hold them as rentals for three years, then sell them and request the Homeownership Incentive program. He would like to see some assurance that would not happen. City Manager Anderson stated that City Council can make that stipulation they would not be eligible if they desire. Mrs. Neal added that the program is designed to promote homeownership and we want homeowners in the City which concerns her. City Manager Anderson shared that the City does have a program that allows tap fee waivers, if it goes to this level – granting fee waivers for an entire 77 lot project, there could potentially come an ask for the same consideration from other developers or a request for refunds by developers that have recently paid the fees. Mrs. Neal understands that jobs are created in the construction industry while these are being built but she believes that the incentives are to bring jobs into the community. Mrs. Newcomer pointed out that the program is designed that only single-family homes are eligible. Therefore, these units would not be eligible for the Rental to Homeownership incentive program.

Mr. Moore stated that he feels that there will not be a problem to put a stipulation on the approval regarding other programs offered by the City. He also advised the he is afraid that if these incentives are not offered, the developer will walk away from the project. Councilman Henderson stated that he is sensitive to that point.

City Manager Anderson asked if the developer would consider phasing the project so that they could take advantage of the current programs? Mr. Moore stated that he believes that the issue is that they already have the investment there with the land and infrastructure and if they do that it will cost them more in carrying costs for the project.

Mayor Genshaw stated that he feels that this committee is in a tough place. The committee has been incentivizing homeownership and this project is for rentals. It goes against where the committee is headed, however, we are stuck on the property.

Councilman Henderson asked if the water and sewer services were already in place for the 77 units? City Manager Anderson stated that they were.

Mayor Genshaw stated that he feels that there should be a time limit set for the incentive.

It was discussed that the water and sewer infrastructure as well as the road base layer are already in place and have been for several years. The committee felt that it could be justified to allow relief on the water and sewer tap fees, as well as the street opening charge due to the work previously being completed for several years. This consideration would provide the developer a reduction of fees of approximately \$205,975.00. Councilman Henderson added that he favors this option to limit the City's liability. Mrs. Neal stated that she agrees to still use the program that is currently already established and in place. Councilman Henderson asked the committee for their input on the length of term. It was agreed that two years would be sufficient. It was also agreed to make this incentive non-transferable past this proposed developer.

Councilman Henderson stated that in order to assist in the completion of this stagnant project that was approved in 2015 with existing infrastructure; he makes a motion to recommend to Council for their review option #3 for the cost reduction of approximately \$205,975.00. based on completion of the Certificate of Occupancy for 77 units within 2 years. This incentive would be transferable from the current developer to a future developer for one time only. Mrs. Neal seconded the motion; motion so passed with all present voting in favor.

With no other business or questions, Mayor Genshaw asked for a motion to adjourn. Councilman Henderson so moved; Mrs. Neal seconded the motion; the meeting was adjourned at 8:37 a.m.

Tracy Torbert, City Clerk