

MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING

7:30 a.m.

April 1, 2019

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

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

Mrs. Newcomer gave a brief summary of the Rental to Homeownership Incentive Program. 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 first property; application # 2019-0001 is located at 335 North Pine Street owned by Bryan, Coulbourne and Coulbourne which is Mark Bryan and Gary Coulbourne. This property has been used as a rental property for 19+ years and is being purchased by Paul and Mimi Jones. For this property, the seller would receive an incentive in the amount of \$2,224.25. The buyer would receive a tax abatement for five years as follows:

- Year 1 – no property tax charge
- Year 2 – \$88.97
- Year 3 - \$177.94
- Year 4 - \$266.91
- Year 5 - \$355.81
- Year 6 - \$444.85 (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.

The second property; application #2019-0002 is located at 603 Hickory Lane which is owned by Wayne Medford. This property is being purchased by Leroy Saylor and was a rental property for 3 years. The seller will qualify for an incentive in the amount of \$2,233.55. The buyer would receive a tax abatement for five years as follows:

- Year 1 – no property tax charge
- Year 2 – \$89.34
- Year 3 - \$178.68
- Year 4 - \$268.03
- Year 5 - \$357.37
- Year 6 - \$446.71 (full amount)

The third property; application #2019-0003 is located at 209 N Bradford Street which was owned by Greg Tingle. This property was a rental for a period of 12 years prior to being purchased by Lois Marie West.

The seller will qualify for an incentive in the amount of \$2,631.90. The buyer would receive a tax abatement for five years as follows:

- Year 1 – no property tax charge
- Year 2 – \$105.28
- Year 3 - \$210.55
- Year 4 - \$315.83
- Year 5 - \$421.10
- Year 6 - \$526.38 (full amount)

Mrs. Newcomer added that all of the applications brought forward today have been run through the financial good standing ordinance and do qualify.

Mayor Genshaw asked who is bringing the applications forward. Mrs. Newcomer stated that for one, a realtor brought it forward and the other two the property owners reached out.

Mayor Genshaw asked for any questions or comments from the committee. He then called for a motion. Councilman Henderson made a motion to accept applications # 2019-0001, #2019-0002, #2019-0003 as presented. Mrs. Neal seconded the motion; motion so passed with all present voting in favor.

City Manager Anderson then presented New Business #2, discuss Middleford Road easement acquisitions. City Manager Anderson stated that the City has been working on this project for well over a year; the Director of Public Works, Berley Mears has been reaching out to all of the property owners along Middleford Road (East of the Manor House) and a portion of Sussex Highway (South of Middleford Road to the Nanticoke River bridge). He added that there is another project that is being worked on for the North side of Sussex Highway which has been successful with getting easements granted. The Middleford Road and South side of Sussex Highway has not been successful in getting the necessary easements in place for the project.

City Manager Anderson went on to explain that the area is developed, therefore, the area that the easement is being requested for is mostly in the front of the property or parking lots. Many of the property owners in this area are absent as well as well as the property not being fully occupied. Therefore, only a few easements have been granted for this project.

Mayor Genshaw pointed out that the hospital has been asking for many years to improve the properties along Middleford Road that lead into the City. He added that City staff believes that having water and sewer is critical to making that happen. Mayor Genshaw stated that this is about a million and half investment that the City would make with efforts to get some of that money back that. Mrs. Neal asked if there were any grants available to help with the associated costs. Mayor Genshaw said that we would tap into all that we could.

Mrs. Neal asked if the City was not having trouble with obtaining the easements, who would pay for the sewer lateral? City Manager Anderson stated that typically, the City will install the lateral and the clean out for the property and the property owner takes in from that point.

It was discussed that the water main has been in since 2009 and nobody has asked to tap into it. City Manager Anderson did point that Popeyes did tie on and when Dairy Queen had a failing septic they tied in. After a discussion, it was agreed to only include sewer in the incentive; not water since it has been in place for some time with nobody asking to tie on.

Councilman Henderson asked if the incentive would be retroactive to those property owners that have already granted easements. Mayor Genshaw stated that he feels that we would pass this onto them as we need them to help gain the other easements needed for the project.

At this point, there are two options that can be looked at for the future of the project. One being to tailor the scope of work to fit the easements that we currently have in place, however, this would not have the economic development benefit that the City is looking for. The second would be to provide the property owners with the following options as incentives in consideration for an easement: agree to provide a sewer lateral (connection point) on the property for the property owner at the City's cost and to agree to permit connection of all improvements on the lot at no cost (waive all impact, tap and other fees) if the connection is made within 24 months of sewer installation. We would use the date of the project "beneficial use" as this would be the date owners could begin to connect, should they desire to do so. After the 24-month period we would agree to providing a 1 EDU credit to the property at the time of connection. The 24-month time would begin at the date of beneficial use. Should redevelopment of the property occur after the 24-month period, the property owner/developer has the option of taking any "ask" to the Economic Development committee for fee reduction based on investment or job creation. Should the property be sold, the incentive would be transferable to the new owners with balance of time remaining. This incentive would only apply to the sewer extension proposed not the existing water mains in the area.

Mr. Anderson shared a map of the properties discussed.

Councilman Henderson made a motion to provide a sewer lateral on the property to the property owner at the City's cost; agree to permit connection of all improvements lot at no cost (waive all impact, tap and other fees) if the connection is made within 24-months of sewer installation (the City would use the date of beneficial use of the project), after the 24-month period the City would agree to provide a 1 EDU credit at the property at the time of connection and should redevelopment of a property occur after the 24-month period the property owner/developer has the option of taking any "ask" for fee reduction based on investment or job creation before this committee for consideration and recommendation. This effort will be transferable with the balance of time remaining to future property owners. 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 the meeting at 8:08 a.m.

Tracy Torbert, City Clerk