

MINUTES OF THE MEETING OF THE
CITY OF SEAFORD RENTAL LICENSE WORKSHOP

June 18, 2018

6:00 PM

City Manager Charles Anderson called the Rental License Meeting to order with the following people present: Mike Bailey, Building Official and Trisha Newcomer, ED/IT Manager.

City Manager Anderson asked Mr. Bailey to present information about the new Rental License. Mr. Bailey discussed the Residential Rental License application. The inspection checklist has three categories including interior, exterior and miscellaneous. The exterior section included items such as grass, siding, house numbers, steps, windows, doors and roof. The interior items included inspecting paint, electrical wiring, plumbing, heating, flooring coverings and smoke and fire detectors. The miscellaneous section included rubbish, trash and unlicensed vehicles. He added that the cost will be \$50.00 per unit and if a unit has to be re-inspected, there will be an additional \$50.00 fee. Once the inspection occurs, the checklist will be signed off by the tenant, landlord and inspector. Mr. Bailey added that the plan is to start inspections in December or January timeframe. This will allow the landlord's to get their applications in and the City to process them.

Mr. Anderson asked for any questions from the public. Mrs. Grace Peterson asked if it is required to move your trash containers away from the roadway once your pick up has occurred. She added that on Third Street there are many that stay in front of the house at all times. Mr. Bailey said that there is a part of the Code that addresses this issues. When inspections are made, they can look at this as well.

Mrs. Newcomer discussed the Rental to Homeownership program. She stated that the Rental License Ordinance is under Chapter 15 Business, Section 4 – Rental License. This ordinance reads no person(s) shall engage in the business of providing dwelling units for rent &/or lease within the City limits without first having paid the prescribed fee and having obtained from the City of Seaford an annual license for each rental dwelling unit. This ordinance shall apply to all dwelling units within the City of Seaford, Delaware. She then shared Chapter 16 Exemptions from Taxation, Article 4 – Rental to Homeownership Incentive which was effective on 10/21/17. The purpose of this exemption is an effort to aid in home ownership within the City of Seaford and the conversion of residential rental properties to owner occupied housing, an incentive, may be provided to qualifying properties.

Mrs. Newcomer then described what would qualify a property to be eligible for this exemption. These included:

Involves an existing building used as a single family residence within the Seaford City limits;

The residence was used exclusively as a rental property for a minimum of three years immediately prior to conversion to an owner occupied property;

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 for the provisions of this ordinance;

The property owner must be in good standing with all City accounts at a zero balance in order to receive any incentive.

The benefits for the buyer and seller were then discussed. 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 the next five years until year six; when the property will be charged the full property tax assessment in effect at such time. For example, year 1 there would be no Property Tax Charge; Year 2 the homeowner would be billed 20% of the tax assessment. 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. Mrs. Newcomer added that in order to be considered for incentive benefits, the owner(s) of the property must: Submit an Incentive Application; and have an agreement outlining the terms and uses of the incentive must be formed between the property owner(s) and the City of Seaford before funds are disbursed and taxes are abated.

Mrs. Newcomer asked for any questions in reference to the rental to homeownership incentive. Mr. Kevin Thawley asked if it was currently in effect. Mrs. Newcomer stated that it is; it went into effect last fall.

Mrs. Newcomer then presented information in reference to the Reinvestment incentive program. She stated that this can be found in Chapter 16, Exemptions from taxation under Article 3 – Reinvestment Incentive which was effective in October of 1999. This was created in an effort to aid in economic development and reinvestment within the City of Seaford. A qualifying property is one that:

Involves an existing building within the Seaford City limits or a proposed building within one of the designated Employment Centers;

Demonstrates substantial improvements to be made that will increase the appraised value of the property by fifty percent (50%) or more or will create substantial employment opportunities for residents of the greater Seaford area or results in a significant investment in property, plant and/or equipment in an Employment Center;

Has been recommended by the Economic Development Committee and approved by the Seaford City Council;

Organizations with non-profit status do not qualify for any abatement provisions of this ordinance as outlined in §16.3.3. Recipients must remain for-profit or they must remit the portion of funds paid or the City may establish a lien against the property;

The property owner must be in good standing with all City accounts at a zero balance in order to receive any incentive.

Mrs. Newcomer then discussed how the incentive works. The difference between the taxes based on the City assessment before and after the improvements will be multiplied by ten (10) (based on a ten

year abatement period) to determine a pro-rated amount to be distributed to the property owner(s) within one year of the issuance of Certificate of Occupancy from the City of Seaford's Building Official.

**Amount of Incentive Calculation = ((CAAI*.31/100)-(CAPI*.31/100))*10yrs*

i.e. ((162,300.31/100) – (63,300*.31/100)) *10*

*(503.13 – 196.26) *10*

\$3068.70 upfront incentive

In cases of employment creation incentives and investment in plant, property and equipment incentives the Economic Development Committee shall recommend an incentive amount to City Council.

She added that in order to be considered for incentive benefits, the owner(s) of the property must:

Submit the Reinvestment Incentive Application;

Complete the project within one year of issuance of the City building permit.

An agreement outlining the terms and uses of the incentive must be formed between the property owner(s) and the City of Seaford before funds are disbursed.

An account of where the money has been spent shall be submitted to determine that the expenses are permitted uses.

Permitted uses include real improvements and building and/or equipment costs.

By accepting the terms of this incentive, the property owner(s) agree to waive their right to appeal the taxes until the City of Seaford has fully recovered the tax incentive advance. If the property is sold before the advance is recovered, the new property owner(s) may not appeal the taxes until such time that the advance has been recovered by the City of Seaford.

In cases of employment creation incentives and investment in plant, property and equipment incentives the recipient shall agree to maintain the level of employment or investment for the period of time specified in the aforementioned agreement.

Mrs. Newcomer asked for any questions in reference to the Reinvestment Incentive Program; there were none.

City Manager Anderson asked for any additional questions from the public. Mr. Bill Bennett asked if a license was obtained by a landlord and the property was sold if the license carried over to the new owner. City Manager Anderson stated that it does read in the ordinance that there are no prorated fees for the remainder of the year in the case on a licenses transfer. Mr. Bennett asked if you apply for the rental to homeownership incentive do you have to wait until the new owner occupies the home to receive the incentive? Mr. Anderson stated no, the incentive will be given at the time of sale.

Mr. Anderson pointed out that the City does not always know who occupies the home which is useful information for the City. He added that if anyone would like to request an inspection in advance, please reach out to Mike or Walt in the Code Department to request a time for them to walk through.

Councilman James King asked about the government assisted housing and the Manor House and how those inspections will be completed. Mr. Anderson stated that the City will require them to obtain a license. He added that the Code Department will work with them and if they do get inspections by an agency such as HUD we will accept those inspections. Mr. Bailey added that we do not want to burden those tenants anymore with adding another inspection.

With no further questions or comments, City Manager Anderson asked for a motion to adjourn. Mrs. Newcomer moved to close the meeting; Mr. Bailey seconded the motion. The motion so passed with all present voting in favor. City Manager Anderson adjourned the meeting at 6:22 pm.

Charles Anderson, City Manager