

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

April 24, 2017

4:00 PM

Mayor Genshaw called the Rental License Meeting to order with the following Committee members present, Councilman Dan Henderson, Harry Daisy and Frank Parks. Assistant City Manager Charles Anderson and Josh Littleton, Building Official were present. He welcomed the participants of the Committee.

Assistant City Manager Anderson came forward to present New Business #1, Incentive proposal to encourage the conversion of rental properties to owner occupied. Mr. Anderson stated that the qualifying housing for the incentive must be in City limits, residence has to have been used exclusively as a rental property for at least three years immediately prior to conversion, and new owner must occupy the property within one year of the date of closing. The City would not charge City taxes for the first five years of occupancy by the owner, and then will charge graduated taxes for the next five years. (year 6, 20%, year 7 40%, year 8 60%, year 9 80% and year 10 100%)

Mr. Anderson asked if any members had questions or comments in regards to this incentive.

Councilman Henderson asked what incentives owners/investors that currently own that property have in selling.

Mayor Genshaw stated that with the incentive, the seller would have more interest in the sale of the property.

Councilman Henderson stated that yes, it is a great incentive for the buyer but what would the seller get out of the sale of the property.

Mr. Anderson stated that it would give an exit strategy for homeowners who don't want to be a part of the rental license fees associated with having the rental.

Mr. Daisy stated that to buy a property it would be an incentive, but to sell; it would not be much of an incentive especially if a house is paid for and making the owner money.

Mr. Henderson asked if a property was purchased and the house was to be demolished and rebuilt, would the new property owners still qualify for the tax incentive.

Mr. Anderson stated no. The property would have had to been used for a rental property for at least three years.

Mr. Anderson presented New Business #2, outline of a potential rental license. The estimated number of City rental units in the program include, 413 single family dwelling units, 180 duplex dwellings, 302 non-subsidized units, and 671 subsidized units, for a total estimated amount of 1566+/- rental units. If the City relies on outside agency inspections for the subsidized units, City staff may only need to inspect about 895 each year. The proposed fees for Landlords would be charged as established by the City Council. An annual fee of \$50.00 per unit could be established for license processing and one annual inspection. When inspections are required due to a Code violation, an additional \$50.00 fee would be charged for each additional inspection.

Total estimate of rental units within the City is $1566 \times \$50.00$ per unit license = \$78,300 per year. Assume additional inspections per year, $30 \times \$50.00$ per inspection = \$1500.00 per year, with a total estimated revenue of \$79,800.00 per year. The City will utilize existing staff to process licenses and perform inspections to start, but with consideration for additional staff once the program is up and running. If the City were to charge \$25 per bedroom, for the license fee, at $1566 \times \$25.00$ (all 1 bedroom license) = \$39,150.00 per year, $1566 \times \$75$ (all 3 bedroom licenses) = \$117,450.00, estimated revenue.

Code Language would need to be created in Chapter 5; Article #4 of the Municipal Code that would require licensing and regulation of rental units. Some items on the draft inspection list, will include things from both exterior and interior, and misc.

Mr. Anderson asked if there were any questions or comments from the members.

Mr. Parks stated that he is not in agreeance with having a rental license. He stated that having mandated inspections but refusing them and being fined for not allowing the inspection to take place at his property is not an "invitation".

Mr. Anderson stated that the inspection will have to take place, otherwise a rental license will not be granted and will not be able to be rent the property until it does, but the City is willing to work with the property owners to make sure it is at a convenient time for them.

Mr. Daisy stated that the rental license being posted on the property after the inspections take place, is not plausible, because tenants can remove it and the landlords should not be punished for that.

Mr. Anderson stated that the inspection check list is only a draft and things can be removed or added on, with further discussion.

Mr. Parks asked if the City could work with the Habitat for Humanity organization on fixing up some of the properties in Seaford.

Mr. Anderson stated that, the City just held a "Rock the Block" event with Habitat for Humanity where 11 home-owner properties were cleaned up; however, it is not easy for Habitat for Humanity to

purchase homes to rehabilitate because most condemned properties are now bank owned, and at that point it becomes more difficult to move the property out of distress.

Mr. Littleton stated that, Habitat for Humanity is currently in the process of rehabbing a property on Conwell Street, and depending on the outcome of that project they may undertake additional locations.

Mayor Genshaw stated that at this time, they will be moving forward with the rental license. The members will have one more meeting before it is taken to Council, to hopefully finalize ideas on the fees, incentives, and inspections. Mayor Genshaw set the next Rental License Meeting for 5:00 p.m. on May 8th.

Mayor Genshaw adjourned the meeting at 5:00 pm.

Shannon Elliott, Secretary