

MINUTES OF THE
ECONOMIC DEVELOPMENT COMMITTEE MEETING

7:00 a.m.

August 14, 2017

Committee Chair, Mayor Genshaw brought the meeting to order with the following committee members present: Trisha Newcomer, Dan Henderson, Dolores Slatcher and Charles Anderson.

Trisha Newcomer presented Agenda Item #1, Discuss a draft rental to home ownership incentive ordinance.

Mrs. Newcomer stated that this would be an amendment to Chapter 16, of the Municipal Code relating to "Exemptions from Taxation". This is an effort to aid in home ownership within the City of Seaford and the conversion of residential rental properties to owner occupied housing. She added that the qualifications would include: 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 and the property owner must be in compliance with our Financial Good Standing Ordinance with all City accounts at a zero balance within terms in order to receive any incentive.

The City will abate the City property tax charge for a qualifying property for five years after occupancy by the property owner. Beginning in year six the City will graduate the City property tax charge for the next five years (year 6 = 20% Year 7 = 40%) until year ten; when the property will be charged the full property tax assessment in effect at such time.

In order to be considered for incentive benefits, the owner(s) of the property must submit an incentive application. 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 abated.

City Manager Slatcher asked when the start date would be. It was discussed and decided that the tax abatement would not occur until occupancy.

Councilman Henderson asked what the incentive is for the investor to release the home. Assistant City Manager Anderson stated that it is an outlet to get out of having to do the licensing. Councilman Henderson asked why a tax rebate wouldn't be considered for the taxes that they have already paid. He added that the market will not be there if the investors don't want to let go of their houses.

City Manager Slatcher asked about offering a 50/50 split incentive just as realty transfer tax works. That way the buyer and the seller would both have incentives to buy and sell. Assistant

City Manager Anderson asked what would happen if someone purchased a property and the property taxes increased; he asked if the previous owner would be entitled to benefit off of the increase in taxes. It was stated that if it was based on the new owners improvements then the existing owner would not be entitled to that. Mayor Genshaw stated what if a payment was made to the seller and then a gradual tax abatement to the buyer over a 5 year period. It was also discussed to add in the agreement that the property cannot be turned back into a rental property for 5 years.

Mrs. Newcomer stated that the agreement and tax abatement does not transfer with the property.

Mayor Genshaw asked if there is a limit on the amount of houses that would be eligible for the incentive. It was stated that there would not be, however, if there are a lot of houses that are being sold it can be looked at and added to the agreement.

Councilman Henderson asked how many single family homes there were in the City that was rentals. Mr. Anderson stated that the number that was presented was a guess based on the Code Departments look at the electric accounts within the City. Mr. Anderson added that it was felt that this incentive should be given strictly to single family residences. The estimate of single family homes in the City was approximately 413.

Mrs. Newcomer stated the incentive will be revised to include the five year upfront payment to the seller and the five year incremental tax increase to the buyer. The first year would be zero, second year 20%, third year 40%, fourth year 60% and year five 80% for the tax abatement. She added that the five year minimum will be changed in the qualifications.

It was added that the agreement does have to be made with both parties. The buyer needs to sign prior to receiving payment.

Councilman Henderson asked how much money would be set aside for this. City Manager Slatcher stated that she felt like starting with \$5,000 and if you override that, staff would need to come back to Mayor and Council for approval. The effective date for this incentive would be July 1, 2018.

This incentive will be taken to the next Council Meeting for approval, which will be held on August 22, 2017.

Councilman Henderson made a motion to accept the draft ordinance as revised for the Real Estate Incentive. City Manager Slatcher seconded the motion; motion so passed with all present voting in favor.

With no other business or questions, Mayor Genshaw adjourned the meeting at 7:30 a.m.

Tracy Torbert, Secretary