

"A Historic Past"



"A Bright Future"

CITY OF DELAWARE CITY
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**MINUTES
CITY OF DELAWARE CITY
SPECIAL MEETING OF
MAYOR AND COUNCIL
TUESDAY, APRIL 30, 2019 at 6:00 p.m.
407 CLINTON STREET
DELAWARE CITY, DE 19706**

CALL TO ORDER

The Honorable Acting Mayor Malinowski called the Special Meeting and Public Workshop of Mayor & Council to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE

Acting Mayor Malinowski led the Pledge of Allegiance to the Flag

ROLL CALL

Present were Acting Mayor Malinowski, Council Members Buchheit, Titus, and Konkus. Council Member Renoll was not present. Chris Rogers from AECOM and Acting City Secretary Britney Loveland were also in attendance.

Council Member Renoll was present at 6:15 p.m.

ORDER OF BUSINESS

DISCUSSION OF THE DOWNTOWN DEVELOPMENT DISTRICT APPLICATION AND INCENTIVES

Acting Mayor Malinowski stated this is a workshop and although citizen's comments are not on the agenda he will entertain comments after council does their work, council may respond to comments.

Acting Mayor Malinowski then turned the meeting over to Chris Rogers from AECOM.

Chris Rogers began with reminding everyone that the purpose of the meeting is to finalize the local incentives that the city would offer as part of the DDD program. If selected, the state will provide a 20% rebate of capital improvements for properties that are within the DDD. The rebate is between the private property owner and State Housing Authority but the local municipality has to be designated as a DDD, which is a maximum of 85 acres. The application is due May 15th and it is a competitive application process and there are at least 2 other municipalities applying that we are aware of. Part of how you are scored is based on the strength of the local incentive to complement the states program. We are now sitting down to discuss what we are comfortable with as far as incentives to submit with the application. The plan, passed by resolution, was done under a grant that was submitted to the state with the incentives that were previously drafted. Submittal was only for the purpose of adhering to the grant requirements, that plan will be attached to the application.

Acting Mayor Malinowski asked Chris Rogers if the other municipalities needed grants to do the plan. Chris responded there will be responsibilities on behalf of the city to administer the program but no, other municipalities did not need a grant for the plan.

Chris went on to explain a few incentives other DDD municipalities used to help give the council ideas such as, giving tax abatements. Council Member Konkus didn't feel that was something the city could afford to give. Council Member Titus agreed with that.

Council Member Konkus mentioned the Façade Improvement Revolving loan and feels that might be something that would be more feasible. However that was something our previous city manager was involved with and neither Council, nor Chris Rogers is sure of all the details of that program. Council Member Titus feels this all comes at such a bad time, not having a city manager to aid them in the decision making. When this all was brought on the previous city manager was on board and was making these decisions.

Chris Rogers said he feels that the façade loan would be somewhat administratively burdensome for a 1 or 2 person shop, but says he is not familiar enough with what all it would take to administer. Acting Mayor Malinowski asked if that is a loan we would need to apply for or is it something we already have access to. Council Member Titus responded it is money we already have.

Council Member Titus said streamlining the planning and permitting would be easy. She is wondering though how we would be able to control that when it's mostly in the hands of the contractors, which we have no control over.

Council Member Konkus commented that we need to finalize the incentives so they can be submitted by the 15th of May, which is what we are doing here tonight correct? Chris Rogers agrees and says he is hoping to leave with a consensus tonight.

Council Member Titus asked how much is the reality transfer tax. Chris Rogers said he was unsure of that answer. Council Member Titus looked up and found that its 4% of sale price with 2.5% going to the State and 1.5% going to County. They are unsure what Delaware City would get because it wasn't mentioned. Council Member Titus feels we need to know that amount would be before we make that decision. Chris Roger says We are budgeted for 70,000 in real estate transfer taxes for 2019. In 2018, we received \$68,000 with a budget of \$75,000.

Acting Mayor Malinowski asked what the maximum a contactor can get is. Chris Rogers said the money comes from the state and that they would get a 20% rebate for a qualified real property investment. Rebates In excess of \$500,000 will be calculated at a lower rate up to an additional \$1,000,000 to a maximum allowable rebate of \$1.5 million. That's the max a developer can get from the state. Malinowski said they would need to come in on Washington Street to vacant lots and do some massive building then and Chris Rogers said yes, to get the max rebate. Council Member Konkus said for the smaller projects, the max is \$50,000. Chris Rogers Replied yes, that's based on an investment of \$250,000, that's 20%. The minimum investment you have to make to get into the program is \$25,000. Council Member Titus says the state already gives first time homebuyer a discount. Acting Mayor Malinowski says but this is incentive on our part and is worried these incentives are going to catch up to us over time and hurt us financially. Council Member Buchheit asked council what type of participation they foresee, when no one used the façade fund. Discussion followed.

Acting Mayor Malinowski and Council Member Buchheit agreed they don't foresee a lot of participation in it.

Chris Rogers mentioned other municipalities have done tax abatements on the increase in property value. Discussion followed.

Council Member Titus and Council Member Konkus agree that might be a good choice because you do not lose any money, it just wouldn't increase for a period of time.

Council Member Titus asked what they could do related to historic preservations. Could they simplify that process to entice people under the HPC rules to make improvements?

Discussion followed.

Council Member Buchheit and Council Member Konkus didn't think that would be possible. Chris Rogers said that what we use as incentives we have to commit to and if we are not confident that we can commit to it then we shouldn't chose that. That is something that gets tricky with historic districts. He did recommend streamlining the HPC review process. Chris Rogers recommended we also put in things we already do that would meet the spirit of the program.

Council Member Konkus asked what the one incentive they had agreed on was. Chris Rogers read to council that it was

-To not Pay any increase in taxes resulting from the increase in assessed value resulting from the real property improvements for 3 years.

Council Member Renoll asked 2 questions

1. Did the City of New Castle get feedback from the state as to why they did not get chosen? Rogers answered that it was a gerrymandered boundary. Also there was too much opportunity for new development. Discussion followed.

2. What was their cost for reapplying again? In case we don't get selected what can we expect to pay if we want to apply again? Rogers answered that they did have to get another grant to redo their plan, because their issue was with their boundary. The boundary we have will not be an issue.

Acting Mayor Malinowski asked how does poverty play into the selection. Chris Rogers answered that poverty is a huge part of the selection process. Discussion followed.

Council Member Titus asked about the vacant buildings in town and if we could incorporate this incentive program with our vacant properties. Acting Mayor Malinowski asked if we are going to use the Facade Improvement Fund. Council Member Titus said it would need to be revamped. Council Member Konkus would like to change it to facade, sidewalk, awning, and sign.

Council Member Titus added that especially after the 3 reports of falls due to the sidewalks on community yard sale day.

Council Member Konkus would like to use a low interest rate and repayment terms as part of the facade investment. Council Member Titus said all of that would depend on where that grants money came from.

Council Member Konkus added putting a cap on permit fees in the Historic District. Discussion followed. It would read Permit fee reduction for everyone in the DDD but an additional discount for the Historic District.

Acting Mayor Malinowski doesn't think this would hurt the town too much and it would be a 1 time loss. Council Member Konkus suggested all DDD get 2% as opposed to 2.5 % and the Historic District would be 1.5%. Discussion followed.

Council Member Konkus changed it from Historic District to just the C1 District. Discussion followed.

Council Member Titus wants to do something to incentivize rent to owner situations. Discussion followed. There was mention of waving transfer tax for renters to owners who occupy the home for 5 years.

Council Member Buchheit wants to offer 3 year full tax abatement for new residential or commercial construction. Discussion followed. All of Council agreed that this incentive wouldn't cost us any money.

Council Member Buchheit asked Chris Rogers, say Delaware City gets approved. Will the people buying into this need to be approved as well? Chris Rogers replied yes.

Council Member Titus asked what if they decide to do away with DDD program, Chris Rogers said then it's up to the town if they want to continue with incentives or do away with the program.

Council decided to go over one more time what incentives they all agreed to.

-Permit fee reduction from 2.5% to 2% and 1.5% for C1 district, all within the DDD.

-Full tax abatement for 3 year period for new residential or commercial construction.

-Transfer tax waiver for all rental units that are sold to become owner occupied units for 5 years.

-Streamline the review and permitting processes.

Rogers asked for permission to add to the application what it is going to cost to administer the program and how we plan to educate the people. Council agreed.

Next meeting will be on 5/8/19 @ 6:30 for the last finalization of incentives.

ADJOURNMENT

Acting Mayor Robert Malinowski requested a motion to close the meeting. Council Member Buchheit made the motion. Council Member Titus seconded. All ayes

Acting Mayor Malinowski adjourned the meeting at 7:35 p.m.

Respectfully submitted,

Britney Loveland