

**Cabinet Committee on State Planning Issues
Haslett Armory, Room 219
January 6, 2015**

Minutes

Committee Members Present:

Andrew Lippstone, Office of the Governor, Chair
Connie Holland, Office of State Planning, Director
Anas Ben Addi, Delaware State Housing Authority, Director
David Small, Secretary, Department of Natural Resources and Environmental Control
Lewis Schiliro, Secretary, Department of Safety and Homeland Security
Director Ann Visalli, Office of Management and Budget
Tom Cook, Secretary, Department of Finance
Alan Levin, Director, Delaware Economic Development Office
Shailen Bhatt, Secretary, Delaware Department of Transportation

Also Present:

Herb Inden, OSPC	Scott Koenig, City of Dover
David Edgell, OSPC	Richard Carman, City of Milford
Stephen Bayer, OSPC	Lee Nelson, City of Milford
Laura Simmons, OSPC	Kara Coats, DNREC
Dorothy Morris, OSPC	Mary Ellen DeBenedictis, Clayton
Miriam Pomilio, OSPC	Ed Ide, Ton of Clayton
Rick Farrell, Smyrna Consultant	Sophia Hanson, City of Wilmington
David Hugg, Town of Smyrna	Kristen Krenzer, Town of Middletown
Brian Maxwell, OMB	Tracy Skrobot, Town of Middletown
David Genshaw, City of Seaford	Jeff Flynn, City of Wilmington
Charles Anderson, City of Seaford	Lee Wang, EcoSolutions
Dolores Slatcher, City of Seaford	Steven Martin, City of Wilmington
Trisha Newcomor, City of Seaford	Leonard Sophrin, City of Wilmington
Ricky Nietubicz, City of Newark	Carrie Casey, New Castle County
Ann Marie Townshend, City of Dover	

Andrew Lippstone opened the meeting at 12:40 pm with a welcome and then turned the meeting over to Connie Holland who asked for introductions and then gave an overview of how the meeting would be run.

Approval of October 21, 2014 Minutes

A motion was made by Chairman Lippstone to approve the draft minutes from the previous meeting of October 21, 2014. The motion was seconded by Director Levin and unanimously approved.

Downtown Development Districts

Andrew Lippstone gave an overview of the Downtown Development District (DDD) program. He briefly discussed the legislation that was signed by Governor Markell and the goals of the program. Mr. Lippstone thanked the Office of State Planning for coordinating the review of the applications and the other State agencies for their diligence in getting the review done in a timely manner. Mr. Lippstone noted that staff reviewed over 1400 pages of documentation in just over 2 months to get ready for this meeting.

Mr. Lippstone explained that the review process for the applications was a 3 step process. After the applications were received they were reviewed by the Office of State Planning and State agencies. The second step is today's meeting where the Cabinet Committee on State Planning Issues (CCSPI) will hear from the applicants and make recommendations to the Governor regarding which applications should receive designation. The final step of the process is that the Governor will review all the information and the recommendation for the CCSPI and can do one of three things with each of the recommended applications:

- He can approve the designation,
- He can approve the designation one year from now, or
- He can deny the designation

Connie Holland reminded the applicants present that each would have 10 minutes to speak with a 10 minute question and answer session. After the committee has heard from each application in a county, the Office of State Planning Coordination will give their recommendations and the CCSPI committee will make their recommendation to go to the Governor.

Sussex County

Milford – 147.86 +/- acres proposed designation in the heart of the City of Milford

Sara Kate Hammer with the City of Milford gave an overview of the City's application.

Ms. Holland clarified that the Milford application was reviewed as a Sussex County application because approximately 60% of Milford is within Sussex County and the City specified that they wanted to be reviewed for Sussex County.

Committee questions:

Of the Priority Projects listed in the application, which would be amenable to having the DDD grants available?

The Vineyard Shipyard is a privately owned piece of property. It is the goal of the City of have it turned into a working shipyard for tourism. I would be an anchor and the final part of the Riverwalk, which is complete to that point. Since it is private, it is not currently able to be used. If the City could take control and turn into a public space, that project could be the genesis for other growth within the town. The Shipyard is the oldest shipyard that still has the equipment and is surrounded by residential. The entire area needs help economically. The combination of the City, the DDD grants, and tax credits coming together could help achieve this goal.

How does the hospital moving out of the downtown area impact your application?

The City has a professional organization coming into investigate the vacancy of the building. The City is working to make sure that whatever happens in that area, the city does not end up with an economically distressed building. The building is not within the proposed district and the city has not determined yet if

they would change the proposed district area in the future to accommodate the change.

Regarding vacancy and rental rates, can you spend a few minutes discussing the existing initiatives that the city has that are dealing with the vacancy and rental rates?

Sarah stated that she could not answer that question. She does know that there is a new group that has formed in Milford called the Historic Preservation Group. Their goal is to preserve and protect the historic homes and historic buildings that are in that area and to offer incentives to them, even if they are not owner occupied, for upkeep of the building.

OSPC/State agency comments:

Milford is a vibrant town and while they do face barriers to development they have already started to make their vision a reality. The Office of State Planning always looks forward to working with Milford and has worked with them during the economic downturn to plan for the future. While the City has faced barriers and challenges to redevelopment including increased levels of poverty and lower home ownership rates, these issues are not as pronounced as some to the other applications received. The City has submitted a solid application that is reflective of what the City has already been capitalizing on.

Seaford – 50 +/- acres proposed within their existing Riverfront Enterprise Zone. It is adjacent to the Nanticoke River and includes their historic downtown area.

Dolores Slatcher gave an overview of the City's application.

Committee questions

The application is very specific about a potential project that is ready to proceed; it even includes a letter from the developer in support of the application. What is your view on whether or not the developer is ready to proceed?

The Developer discussed in the application is absolutely ready to go. Dolores also stated that some developers have moved along with the closing on properties but are awaiting word on the designation before moving forward with the upgrades to the properties.

What was the thought behind overlaying the district onto the existing Enterprise Zone?

Seaford felt that the State had already reviewed and set the targets in this area so by using the same area it would be less confusing to developers, it would be easier to understand what the State is offering and what Seaford is offering.

Ms. Slatcher stated that Seaford was not specific on the incentives they offer because they would need to look at it on a case by case basis. They have a council that is will to work with developers to move projects forward. Because tax assessments in this area would be lower than on Route 13, so it would be less

money for them so the City would like to take to council to determine what will help the project move forward.

In addition, Ms. Slatcher noted that the other reason they chose this area is because they already had many of the ordinances in place, like the C-3 district, they had other investments in the area and they overlaid everything they had to make sure this area is redeveloped.

From a housing perspective, Director Ben Addi stated he liked the fact that the City was working to coordinate the DDD grant with the Strong Neighborhood and other efforts. Is this a long term plan with the specific developer or is it a long term plan with multiple parcels?

It is a long term plan and developers are looking at several parcels. The City has also made a list of properties they need to condemn. This saves the City taxpayers money that would have been used for the condemnation and demolitions. The property is still redeveloped and the City can use the money it saved on incentives to help the developers move the project along.

Will the fee reductions remain in place?

Yes. Right now the City has 15 fee reductions in 2015. They hope to keep the fees reduction in place. If designation is received, Council will look at keeping those 15 fees reduced during the designation.

The City has done a fair amount of work on their stormwater projects, 2.5 million to date. How do you link the development of the downtown area with the preservation of the river?

It allows the City to develop in a smart fashion. The City would like to see the ground floor not develop, but be used for parking. They are also looking at extending the Riverwalk and using that area for recreational activities. When they talk to developers they want them to have a sensitivity to the river and make it amenable to the development so it does not stand out. They are also discussing retail opportunities in the area to keep people coming downtown. The City will also retain some lands along the river.

Can you give us an overview of what the City has been through in the past few years and what this designation will mean to you?

Seaford used to be the "Nylon Capital of the World" - that is gone. The city has recently gone through a branding process and they are working to move forward. They are hoping to make Seaford the perfect place to start; it could be a perfect place to start a family, the perfect place to start a business, or the perfect place to retire. One of the things they were concerned with when going through the branding process was that new people coming into the City could not relate to their heritage as the "Nylon capital of the World." They want to change what Seaford has looked like in the past because they need to grow and they need to change it so there are jobs available for young people and retirees who need a second job. They have a council that believe in business and the DDD will help

them change the face of the High Street area so that people can see they are moving forward.

OSPC/State agency comments:

Seaford had among it the highest levels of need of any application submitted. It submitted a focused application and has a local investor that is ready to move forward with the redevelopment of several properties. If designated, Seaford has an unusually strong implementation team because they not only have a full time Economic Development Officer but they also have the support and expertise of the Seaford Enhancement Team.

Sussex County Recommendation by OSPC:

Based on the compelling need, the target focus of the proposed area, evidence of shovel ready projects, and the strong implementation team already in place, Seaford has submitted one of the strongest applications and the Office of State Planning recommends that the Cabinet Committee support a recommendation to the Governor to designate Seaford as a Downtown Development District.

Committee Comments:

Mr. Lippstone commented that when doing a side by side comparison of the two towns, Seaford's need jumped out at him. They have the highest poverty rate, the lowest Median Household Income of any applicant citywide. By Census Tract, the Median Household income is only \$25,000. They also have the lowest home ownership rate, the second highest vacancy rate, the second lowest Median Home value of any applicant. Seaford also noted that 25% of the buildings in their proposed district were underutilized or in need of repair to become viable. With that said, Mr. Lippstone noted that Milford had need as well but they generally fell in the middle of the pack.

In terms of the plan, Mr. Lippstone liked that Seaford was concentrated in a very small area (50 acres), it is consistent with the existing efforts and it specifically identifies private projects ready to go. On the downside, there is no historic district and if the City is designated, the City should look into that. From Milford perspective, it was an incredibly coordinated plan, they already have a track record of success, the plan is consistent with current revitalization efforts and they focused on a variety of stakeholders. Concerns with Milford were that it did not show any private shovel ready projects.

In both applications, Mr. Lippstone stated that the incentives were appropriate for smaller towns and when lumped together with other incentive they could be meaningful.

Secretary Small noted that DNREC and the City of Milford have had a longstanding relationship on its riverwalk. They have been a very successful applicant within the Land and Water Trust fund and they have used the funds to incorporate the Mispillion as an attraction in the downtown area. DNREC looks forward to continuing their relationship with the City.

Director Levin stated that he agreed with the recommendation of the OSPC. Seaford needs a win. Milford is going in the right direction and he has watched them grow from where they were to where they are today and nothing is going to stop them regardless of whether they get this designation. The designation for Seaford is necessary to take them to the next level and move them forward.

A motion was made by Director Ann Visalli to accept the recommendation by the Office of State Planning and move the application forward to Governor Markell to be considered for designation as a Downtown Development District. The motion was seconded by Director Anas Ben Addi and unanimously approved.

Kent County

Clayton - 24.20 +/- acres making it the smallest proposed district focusing on the historic downtown center to of Clayton

Mary Ellen Debenedictis gave an overview of the application

Committee Questions

Which building in the town is ready for redevelopment?

The priority project is the old Atlantic Tractor building.

OSPC/State agency comments:

The Town of Clayton submitted the smallest proposed district. The Town of Clayton has been planning for this area for the past 18 years. The application submitted is a good start for Clayton and should be included in their next comprehensive plan update. Although they do have a priority project, they did not have time to create incentives that are specific to the proposed DDD, they do offer zoning ordinance and expedited permitting. With that said, Clayton's need is not as great as many other towns.

Dover - 219.79 +/- acres makes Dover one of the largest proposed districts and consists of the heart of the downtown area and the surrounding neighborhoods.

Ann Marie Townshend gave an overview of the City's application.

Committee questions:

Of the priority projects noted in your application, which is the most likely to move forward in the next 6 to 8 months?

The Priscilla Block bldg. The owner has spoken to the City on a couple of and is awaiting determination of designation before moving forward.

The proposed district is large enough that when you look t the data you have issues such as vacancy rates. Those living and working in Dover know there are pocketed areas of distress. Has the city considered zooming into those areas so the housing strategy is more targeted?

The City of Dover has discussed with Central Dover Housing subgroup that works with the Strong Neighborhoods. The smaller boundaries would be where

housing providers, such as NCALL would focus. Having it as part of a larger area also allows the market to work so current homeowners can redevelop as needed.

Will the city go through a comprehensive review of your regulations?

The City has been doing this over the past several years. In August, the city rewrote their commercial zone. They will be working to update their General Residence zone.

OSPC/State agency comments:

If looking for an application to serve as an example, Dover's would be the one to choose. The City submitted a comprehensive application with a targeted incentive package, priority projects and was one of the only applicants to recognize the crime issues the city is facing. The only weakness of the application is that the locally designated historic district does not include, in its entirety, the national register of Victorian historic district.

Committee comments:

Mr. Lippstone stated that the thing that struck him about this application is the amount of work. Does the city have the structure to run a DDD program? One of the first things to look at is the process for developing the application. The City of Dover application was incredibly inclusive. It involves many stakeholders and various levels of government. It involves detailed strategies and it is honest about the need. This application is an example of why planning matters.

Town of Smyrna - 78.69 +/- acres that include the original historic downtown and parts of US. 13.

David Hugg gave an overview of the Town's application.

Committee questions:

How does the redevelopment authority fit into your designation?

The redevelopment authority was authorized by state law for slum clearance and redevelopment. It is a 5 member board that serves independent of the council. The authority has been on the books for about 10 years but it was reactivated about a year ago and has come up with programs and incentives to make vacant buildings look attractive and they have the authority to buy, sell, and redevelop properties.

OSPC/State agency comments:

The Town of Smyrna put for a very good application and they were the only applicant to include a comprehensive economic development strategy. The proposed district is compact and has been the efforts of ongoing planning projects. The Town of Smyrna has worked with the OSPC on a charette for part of the area and it is probable what, with or without the designation, the town will continue to grow and redevelop. That being said,

the need outlined in the application was not as great as other applications that were presented.

Committee Comments:

Mr. Lippstone stated that this is an exceptional plan but that said, the town may be a victim of their own success as the need is just not as well defined as others. This applicant and what the town has done could be a model of where other towns could go in the next 10 years. Mr. Lippstone discussed the Census numbers in Smyrna and explained why they did not show the same need as others; example Median Home Value is the second highest of all applicants in the Census Tract Level.

Director Levin commented on how well the town has done over the past 45 years and although they have had some down times, they have kept the town moving forward.

Kent County Recommendation by OSPC:

Based on the extreme need, the exceptional plan and application presented by the City and the support they have to hit the ground running with shovel ready projects the Office of State Planning recommends that the Cabinet Committee support a recommendation to the Governor to designate Dover as a Downtown Development District.

Secretary Cook stated that he was proud of all three applicants and the jobs that the respective city/town was doing to revitalize their downtown. He stated it makes him proud to be a native of Kent County and with that statement made a motion to accept the recommendation by the Office of State Planning and move the City of Dover application forward to Governor Markell to be considered for designation as a Downtown Development District. The motion was seconded by Secretary David Small and unanimously approved.

New Castle County

Middletown – 52.39 +/- acres and includes the historic district which encompasses both commercial and residential uses.

Kristen Krenzer gave an overview of the town's application

Committee questions:

Your local incentives are listed as being on a case-by-case basis. What criteria do you use and what specific incentives do you provide?

The Town has only given incentive to the larger developers in the past few years but the Mayor is known as the “can do” mayor and the council is also know for that. Their goal is to make the town more presentable and more user friendly. The town will review any suggestions that a developer may have to bring development into the town.

If the town is designated, what would the State see in the next few months and would new project you just spoke of go to the front of the line?

Yes.

How would the DDD change impact the Town of Middletown?

The Town of Middletown is doing well on the outskirts of town but needs a “one-up” in the historic district. These buildings need a little more renovation, a little more money and this would show that the state is willing to invest in the downtown.

Can you describe the shovel ready projects?

The bank is the biggest one. It is on the corner of West Main and Broad Street. It has been purchased and they are working with developers to determine how the building could be utilized.

OSPC/State agency comments:

The Town of Middletown is a model town that is increasingly growing and bringing economic development opportunities to this area. The Town included well tailored needs and goals of reusing vacant structures. What was also evident in the application is that Middletown has done extremely well in the planning and therefore the need was not as prevalent as it was in other towns.

City of Newark – 208.20 +/- acres located within the heart of the city and within their Downtown Partnership District.

Ricky Neibuwitz gave an overview of the City’s application.

How much of the proposed district is the University of Delaware campus?

Not sure of the specific numbers

Is there a link between the housing redevelopment needs and economic development?

The City of Newark is fortunate to have a low crime rate and was recently voted the hottest sub-market in Delaware. Real Estate values are high because of the developers who are buying homes for rental properties. At this time, the city is focusing on diversifying the downtown population.

Has the town had success with programs and incentives for home buyers?

Not recently

Committee comments:

Mr. Lippstone noted that Newark is a huge success story. It hasn’t always been what is there today. In some ways, Newark is a model town.

OSPC/State agency comments:

The State comments mirror those of what were said by Mr. Lippstone. Newark is a model town and the downtown area has all the attributes needed. The plan was very well done; the problem being that the success of the town probably overrides the need for this program. The State gave the town Kudos for their planning efforts, both with this application and with their comprehensive plan.

New Castle County – 223+/- acres and is the most unique district proposed because of its location in the County. As stated in the application it is a non-traditional downtown that is entirely suburban in character.

Sophia Hanson gave an overview of the County's application.

If district designation is granted, where do you see the money being spent?

On their campus. Not the library but they have sites/pads for future developers on the site. The County owns the site and has an architect to design the site.

Is the County the developer?

It is the County's site so they developers would work with them.

Is the County building the buildings?

No the private developers will lease the land and then build their own site

Why is the district so large?

Looking at areas that have already have redevelopment efforts ongoing. They developed the boundaries to include whole neighborhoods.

Because it is a non-traditional downtown, there is a lot of infrastructure work to be done. How does that huge need fit into the bigger picture?

There is a huge need because a person cannot walk down Route 9 right now. The County plans to work with WILMAPCO and the County planning staff is putting together plans for the infrastructure needs. Right now the focus is on the development of the Library property. The next step is the Empowerment designation and looking for land acquisition for future development needs.

Are there other means for the County to apply for the New Market Tax Credits?

There are many criteria to qualify. The most likely criteria they have found for this area is to be a State designated zone.

How is the long term plan for the housing redevelopment in this area?

The County is using the economic development plan which was just released. They are working to attract for profit developers. They are working in tandem with for profit developers and commercial developers for this area.

OSPC/State agency comments:

The OSPC commended the County for their forward thinking and their long range vision for this area. The county submitted a very detailed vision for a long range (10 year) plan. Public safety is addressed in application and it is clear the County is working on this. With that said, the library is not eligible for the DDD grant and the application did not list any other projects that will leverage private investment. In addition, DeIDOT is not ready to support the infrastructure needed in this area for redevelopment.

Mr. Lippstone noted that while the need is present is it certainly not the largest need compared to the other applicants.

Wilmington – 223 +/- proposed district consisting of the downtown area and the surrounding neighborhoods

Leonard Sophrin gave an overview of the City's application.

Committee questions:

The application included support letters from many, many stakeholders. That can be a strength and a weakness. If designated, how will the City keep it all coordinated?

The City plans to begin work on a City-wide comprehensive plan which will include the district and its vision for the district.

If designation is received, the things the City has promised will have to be completed. What is the timeframe for the comprehensive plan update and the zoning ordinance?

The City is looking at 14 to 16 months for the plan to make sure the City and State coordinate in a meaningful way.

The City is consistently working on the overlay district. Regarding timing, Mr. Sophrin stated that an ordinance should be to the council by April.

How does the City anticipate the DDD designation impact the crime issue in Wilmington?

The City at this time does not function as a cohesive unit. The neighborhoods surrounding the downtown are saddled with social and economic issues it is the goal of the district to bring together the downtown area and the surrounding areas.

Please explain the expedited permitting process. The application states the City will expedite permitting by executing MOUs with developers to guarantee 72 review and 45 day permitting approval. If the city is designated, what is promised in the application will become binding. Is that what the city intends to do?

Mr. Sophrin agreed that the boundaries of the DDD are the threshold for the incentives and there is no dollar threshold.

The city is working with no profit organizations. What is the plan for housing on the for-profit side?

The consulting team that is being secured to update the city-wide plan will also do a market study to understand where private investment should take place. The private developers are being included on meetings and conversations to get them involved and integrate for-profit investment with non-profit programs.

OSPC/State agency comments:

The City of Wilmington was commended for planning to update their city-wide plan and to bring the neighborhood plans into the overall plan for the city.

The City of Wilmington application demonstrated a great need for this program. Their need was within the top 3. It has the highest rate of low to moderate income residents and it has the oldest housing stock. Crime and safety were not discussed but should be

included as part of your comprehensive plan update. The City provided a list of shovel ready projects and incredible support from stakeholders.

New Castle County recommendation by OSPC:

Based on the extreme need and the number of priority projects that the city has listed in their application the Office of State Planning recommends that the Cabinet Committee support a recommendation to the Governor to designate Wilmington as a Downtown Development District

Committee comments:

Mr. Lippstone also noted that Wilmington had the highest rate of low to moderate income residents at 83%, second highest poverty rate, and overall the oldest homes of any applicant. He also noted that 15% of the people that work in Wilmington live in Wilmington but 73% of the residents of Wilmington work outside of the City. On the weakness side, the City did fail to discuss the public safety issue. On the whole, Wilmington has a tremendous need and did a good job of give a compelling application.

Director Levin stated his decision is based on the need and impact. DEDO has to sell the city everyday and it is hard to do that right now. If giving the city this designation is going to make a difference then he can see no other place to give it.

Director Levin made a motion to accept the recommendation by the Office of State Planning and move the City of Wilmington application forward to Governor Markell to be considered for designation as a Downtown Development District. The motion was seconded by Secretary Cook with the caveat that if the Governor accepts these recommendations, the money does not get caught up in any bureaucratic process. They get this money and get it on the streets so the State can begin to see results. The motion was unanimously approved.

Ms. Holland noted that the municipalities designated will need to give an annual report. Director Visalli agreed with the concerns of Director Cook and would like to ensure that the money is being used correctly and the municipalities are doing what they said they would do. Director Ben Addi stated that there should be regular status updates on the incentives and things that have been committed. He suggested that be monitored by State Planning. Director Visalli stated that the municipalities should feel the pressure and should be made to make this program a priority.

Director Levin wanted to note for the record that Newark, Middletown, and New Castle County had great presentation and good applications. These districts should be designated to the municipality with the greatest need and today, that is the City of Wilmington.

Secretary Cook noted that the state received 9 quality applications in a very short timeframe which demonstrates the dedication and commitment of these jurisdictions to move their city/town to the next level. They should not leave discouraged. Andy noted that all applications will be kept on file with OSPC for four years and if there is another round, they will not have to resubmit a new application.

Mr. Lippstone wrapped up by confirming that the committee has recommended sending the applications from the City of Seaford, the City of Dover, and the City of Wilmington to the Governor. The Governor can do 1 of three things with each of the applications. He can accept the recommendation of the committee and designate the district, he can designate the district effective one year from the date of his decision, or he can deny the application for district. It is expected that the decision will be forthcoming shortly.

Adjournment

A motion was made by Director Ben Addi to adjourn the meeting. The motion was seconded by Secretary Bhatt and unanimously approved. The meeting was adjourned at 4:30 pm.

Draft Minutes posted to calendar: January 21, 2015

Minutes approved: 9/30/2015

Final minutes posted to public: 9/30/3015