

**Cabinet Committee on State Planning Issues  
Haslett Armory, Room 219  
August 2, 2016**

**Meeting Summary**

Committee Members Present:

Meredith Tweedie, Chair, Office of the Governor  
Connie Holland, Director, Office of State Planning  
Anas Ben Addi, Director, Delaware State Housing Authority  
Valerie Watson, for Secretary Tom Cook, Department of Finance  
Drew Boyce for Secretary Jennifer Cohan, Delaware Department of Transportation  
Kara Coats for Secretary David Small, Department of Natural Resources and Environmental Control  
Bernice Whaley, Director, Delaware Economic Development Office  
Brian Maxwell, Director, Office of Management and Budget  
Deb Gottschalk for Secretary Rita Landgraf, Department of Health & Social Services  
David Blowman for Secretary Steven Godowsky, Department of Education

Also Present:

David Edgell, OSPC	Ed Lewendowski, U of D
Dorothy Morris, OSPC	Eric Norenberg, City of Milford
Miriam Pomilio, OSPC	David Perlmutter
Stephen Bayer, OSPC	Matt Perlmutter
Andrew Donnelly, Governor's Office	Chris Rogers, AECOM
Damian Destefano, Governor's Office	Linda Ratchford, City of New Castle
Karen Horton, DSHA	Mike Fortner, City of Newark
Bonnie Arvay, DNREC	David Hugg, Town of Smyrna
Matthew Smith, Governor's Office	Wilmer Abbott, Town of Smyrna
Hillary Austin, DSHA	Bryan Shupe, City of Milford
Rob Pierce, City of Milford	Rick Ferrell, Town of Smyrna
Bill West, Town of Georgetown	Debbie Pfiel, KCI
Chris Calio, Town of Laurel	Lauren Goode, KCI
Jamie Smith, Town of Laurel	Jocelyn Godwin, Town of Georgetown
Brian Shannon, LRC	Teresa Tieman, City of Harrington
Lee Ann Walling, Cedar Creek Planners	

Chairperson Tweedie opened the meeting at approximately 1:15 pm with welcome and introductions.

Approval of Minutes

A motion was made by Kara Coats to approve the minutes from the March 3, 2016 meeting. The motion was seconded by Anas Ben Addi. With no further discussion the motion was unanimously approved.

Downtown Development Districts

Chairperson Tweedie gave an overview of the Downtown Development District (DDD) statute. The Cabinet Committee on State Planning Issues has statutory responsibility to make recommendations to the Governor on the designation of Downtown Development Districts. This is outlined in the Downtown Development Act which is under subchapter 1, chapter 19 of Title 22. The program works as follows: At the Governor's request the State Planning Office announces that it will accept applications. The State Planning

office administers the application process and establishes criteria including the need and impact of designation of the area, income, employment rates, prevalence of abandoned and vacant housing, the quality of the plan, the quality of the incentives and other criteria the office, in consultation with the Delaware State Housing Authority, may determine appropriate. The Cabinet Committee evaluates the application base on the assistance of the OSPC and makes recommendation to the Governor. Upon receipt of those recommendations, the Governor may approve the designation, approve the designation one year from the effective date or deny the designation. Designations are for 10 years with two 5 year renewals. There can be no more than 15 districts at any one time. The statute requires that the first 3 include one from each county, which has been done and any municipality picked to be a district is required to provide the incentives outlined in the application. The incentives are binding (22, Del Code §1906). The Delaware State Housing authority administers the grant process.

Connie Holland stated that the 2016 DDD application was posted on the website on March 1, 2016 and the application period closed June 1, 2016. This round, the Office of State Planning received 9 complete applications for review. The review process was as follows:

- Application received and reviewed by OSPC for completeness, which started the State review process
- Applications were forwarded to the State agencies for review and comments between June 6<sup>th</sup> and June 17<sup>th</sup>
- Office of State Planning continued to review the applications, incorporating comments from State agencies. Very detailed criteria, approximately 20 questions, was used as a guide, such as need, ability to implement, readiness to move forward, and incentives. The goal was fairness, not one person's opinion – the final reviews were done as a group.

Today's process will be to review the applications alphabetically, as listed on the schedule. The applicant will have 5 minutes to explain their application, followed by 10 minutes for questions from the Cabinet Committee members.

To save time, staff has included both a full staff report and a one page summary listing our review findings, such as strengths of each plan, weaknesses of each plan and our recommendation in the packet for the committee members. Once all applications are reviewed, the Cabinet Committee can ask additional questions and determine their recommendations.

### **Dagsboro**

Kyle Gulbranson gave an overview of the application. He described the town as a great small town with good bones and adequate infrastructure but they compete with the coastal towns for both residents and funding. The town does have several successful businesses but they also have vacant store fronts and vacant lots. Crime is increasing. The theme that came through during the process is that Dagsboro need one good success story to come in and make it work. This will springboard others to invest in the town. There is a landowner that is awaiting this designation to open a farm to table restaurant.

Committee Questions/Comments:

Why will one business change things for the Town of Dagsboro?

Most start up business lack finances so these grants plus the incentives offered will offer the additional financial support needed.

What steps have you taken to leverage private funds?

Mr. Gulbranson stated that the town has not done this yet. They have updated zoning codes and design guidelines and they have come up with incentives, such as the deferment of the EDU payments to help new businesses.

Is there a project that could be launched if you were awarded this district?

Mr. Gulbranson stated that the farm to table restaurant is hoping to partner with the botanical gardens and is waiting for this designation to begin work.

**Georgetown**

Kyle Gulbranson represented the town and gave an overview of this application. Mr. Gulbranson stated that he feels the town has submitted an excellent plan with aggressive incentives. He stated that the Town of Georgetown has been preparing for growth for many years through infrastructure improvements. The challenge that Georgetown faces is that the Downtown has many government buildings which bring people downtown during the day but not after hours. Mr. Gulbranson further discussed the crime issues within the downtown area and the need of this area. Jocelyn Godwin stated that the town thinks the incentive package is very aggressive.

Committee Questions/Comments

Are there any projects ready to go at this time?

Mr. Gulbranson stated that there are three projects that are ready to start. They are the Market Street Project (Gateway East), the Ice House near the train station, and a mixed use development project.

How was the area selected?

Mr. Gulbranson stated that the circle was in good shape so they looked for areas with the most need, blighted areas and gateways. This included East Market Street and the North Race Street corridor.

What percent would you say is redevelopment of existing buildings vs. vacant areas with new buildings needed?

Mr. Gulbranson stated that there is about 30% that could be redeveloped and about 20% that are vacant lots.

Mr. Ben Addi noted that the Town of Georgetown application scored high on the need because Kimmeytown is within the census district; however, much of Kimmeytown was not included in the proposed DDD area. Mr. Gulbranson stated that they focused on commercial areas. Mr. Ben Addi noted that the great thing about the Delaware DDD

program is that is it not only geared toward commercial, but also to housing. The town could have left out the ballfields and included Kimmeytown which shows great need. Ms. Godwin noted that the ballfields were left in because there is a commercial area in the front that is looking to redevelop and one of the initial drawings showed a gateway into the ballfield area.

Georgetown has several brownfield sites. Have you found this an obstacle to development? Has the town courted brownfields developers?

Ms. Godwin stated that she has talked to a few developers; one is beginning clean up on a site now. The issue they face is that they state they have talked to DNREC and there are many barriers to get the funding and actually do the redevelopment once the cleanup is complete. The town tries to work with developers as they come in. The Mayor stated that people are afraid that in the end it will cost them too much money.

Kara Coats noted that DNREC is actively trying to work with developers to help get the brownfield sites cleaned up and developed. Connie Holland offered for the town to use the OSPC to help connect developers with DNREC to get the information they need.

Can you discuss how the DDD district will change the criminal activity in the town?

Ms. Godwin stated that over the past 2 years over 500 criminal calls have been handled in this area. According to the survey, people have stated that they feel threatened or unsafe in the downtown area. This is because of parking, lighting and signage. The town hopes to upgrade lighting and support a wayfinding program to spruce up the downtown so people feel safer. They are also working on design guidelines for this area.

41% of you population is Hispanic. Have you worked with Hispanic groups?

Yes. Ms. Godwin stated that they always involve the Hispanic groups within the town.

### **Harrington**

Debbie Pfiel represented the town regarding their application and gave an overview of the application and district plan. Ms. Pfiel stated that the City of Harrington is very excited about the DDD initiatives that have been taken. The City has great opportunities including a building that is under condemnation at this time and they hope to redevelop. In addition there is another building that is currently beginning redevelopment. Harrington currently has 17 vacant lots. Because of the recent demolition of buildings, the city feels they are losing their character. In addition, they have increased crime and high demolition. They have reached out to the community over the last 4 years and they have been working on how to grow the downtown.

With that said, their crime rate is low because of the functions that the town has in the downtown area but as more lots become vacant, they fear crime will continue to increase.

The recently adopted comprehensive plan as well as the adopted district plan specifically addresses the downtown area. They have already adopted all the incentives outlined in the application.

#### Committee questions/comments

Kara Coats commented that the Harrington plan stood out to DNREC because the city is making an effort to redevelop in a sustainable way and using Green Infrastructure, pervious pavers, bioswales, etc.

How shovel ready are the projects mentioned?

Downtown junction is ready to submit pending designation, the Stones bar is already moving forward, and the vacant properties will be marketed as available for DDD grants.

If the town is afraid of becoming a ghost town why are you not marketing?

The plan was just adopted in June and the city incentives were just adopted. They are marketing what the town has to offer but hoping to gain designation so they can begin marketing with DDD designation and incentives.

#### **Laurel**

Council president Chris Calio presented for the town and gave an overview of the application and the district plan. He reviewed the needs of the town and the racial diversity which includes 44% whites, 44% African American, and 11% Hispanic. The Laurel Redevelopment Corp (LRC) has taken the lead on the redevelopment of the downtown and has a 30 year track record of buying, clearing, and redeveloping properties on the waterfront. He noted that the town is committed to the development of the downtown with a vision and incentives.

Are there investors that are ready to begin projects if designated?

Yes. The LRC is ready and willing to sell properties to the long term tenants that occupy the buildings. They will take the proceeds from that sale and invest in the other properties. There is a creamery and a kayak outfitters that are ready to go once the properties are ready. The town also has a developer that may be interested in the "Ramble" project. In addition there is a brew pub that has shown interest in the town.

Kara Coats discussed the ramble project and the protection of the access to the water. She asked that the town explain the Marine Resource Zone mentioned in the application.

Ms. Walling stated that the Marine Resource Zone is supposed to be a protective zone. The town will be reviewing the zone to ensure it is protective enough which included adding buffers, etc.

The incentives seem aggressive. Laurel is a small town. How comfortable is the town that you will be able to move forward with these incentives?

Jamie Smith stated that they don't have the additional revenue at this time so if they can maintain their budget for the next few years, it will be worth it in the long run. Regarding the impact fees at a reduced rate, the town feels that if they are getting something, even the reduced rate, it is more than they are getting from that property now.

Please explain the LRC?

They are a 501C4 which began in 1992. The group originally put 300,000 in a pot and invested in a property in downtown Laurel. It was a dilapidated building (Market Square Park). They tore down the building and made it into the park that is there today. After that they began acquiring properties along Broad Creek. As of today, the LRC owns 95% of all properties along both sides of Broad Creek, including the Abbott's on Broad Creek restaurant building.

Mr. Ben Addi congratulated the town and stated that it is not every day that a town has a redevelopment corporation that is so active. He stated that they have a great plan and that the town has been great to work with in the past on housing issues.

The orange area that is an outlying parcel. What is the significance of that parcel?

It is a used car lot which actually takes you into the Roger Fisher Park. It is right now a very unattractive entrance in to the park and they hope to acquire the land and make it a more attractive entrance into the park.

Mr. Ben Addi noted that the town should look into the municipal land bank legislation that was recently passed.

## **Milford**

Rob Pierce gave an overview of the application and the district plan. The proposed district has approximately 17 acres of vacant land and includes the areas of highest need. The town has developed the Rivertown Rebirth Plan 2025. This plan creates a strong connection to the river. The applications give both large and small projects that are ready to proceed. Mr. Peirce stated that probably the most impactful is a property they refer to Riverplace mixed use. It is the former site of the water treatment facility and one block from Walnut Street. They have received interest from a developer who is prepared to immediately invest 20 million into this project. They also have another mixed use project that has been submitted to the city. They feel the incentive package is aggressive and they are ready to begin working with developers to initiate the plan.

Can you describe the Crime Free housing ordinance?

Mr. Norenberg explained that this ordinance is modeled off of others within the State that is focused on keeping the tenants of properties crime free and to make a requirement in the lease that if a tenant is involved in certain crimes they "pre-

agree” to be evicted. It is not any crime, but severe crimes such as prostitution, drugs, etc.

If a lease holder is convicted of a crime, does the family go too?

Mr. Norenberg explained that there are stipulations in the State legislation that allow the municipality to force the landlord to evict the tenant if they break municipal ordinances or laws. The City are mirroring ordinances that have been put in place in other jurisdictions. It has not been introduced at this time. They have only discussed at committee meetings.

What other towns have this ordinance?

Mr. Norenberg stated that the Town of Smyrna has the ordinance in place and he believes the City of Harrington does as well.

Is there an exception in place for domestic violence?

Mr. Norenberg stated that it is looked at on a case by case basis and would be another tool the city could use.

Who determines the case by case basis?

The ordinance has not been introduced so the City would have to work out the details.

Mr. Ben Addi stated that it would be his hope that the City would work with the State, specifically the Delaware State Housing Authority, when looking at an ordinance like this. If it is left to interpretation by the landlords, someone could be evicted because they make a couple of calls to the police to complain. While you are protecting the city from crime you are shutting down the tenants who would report crimes because they don't want to be evicted. Mr. Norenberg stated that they would welcome the collaboration. Connie Holland suggested an ordinance like this should come through the PLUS process.

Mr. Ben Addi stated that regarding the incentives, he feels that the wording used could have impacted the city's score. Many incentive criteria said “may” instead of “will”. Ms. Tweedie noted that many of the incentive were listed as a case-by-case basis to be determined by the town manager and council. Mr. Pierce state that the ordinances, as shown in the appendix, will be passed with the stronger language.

Will it still be on a case by case basis?

There are some provisions for qualifying applications because they want to make sure it is consistent with the program thresholds. In addition, the city would look at property owners to ensure that they are in good standing with the city.

Is the process transparent?

Yes. The City will make sure that records are kept regarding the incentives and he will report to council on a regular basis.

Mr. Ben Addi clarified that if the City is designated, they will have a list of criteria to receive the incentives. This list should be black and white so that if a developer satisfies a checklist they will get the incentive and these criteria should be transparent so the developer knows what they are eligible to apply for.

Do you have a clean hands ordinance?

There is language in several different sections of the code.

Most of the proposed district is within the Floodplain. How will you address this?

The City has a floodplain ordinance which is inadequate at this time. They are looking at revising in the coming months. They are also working with U of D on the comp plan and they mentioned a sea level rise analysis. They are working to ensure that whatever is done downtown is sustainable.

Ms. Coats suggested that the City reach out to DNREC and OSPC when doing this type of planning as well because they have many resources available.

### **New Castle**

Council President Linda Ratchford gave an overview of the application. The City had a task force of citizens and non-profits working on the plan. They gathered input from over 300 respondents. Having this designation would provide a catalyst to achieving their goal of preserving their downtown and expanding into the gateways. Chris Rogers stated that the town has been working on a downtown plan since 2009. The gateways are underdeveloped and this plan recognizes that the downtown area and the gateways are linked and both need to thrive to achieve the city's vision.

How did you choose the areas in the proposed district?

The Task force worked hard to shape the area, working within the constraints of the legislation. Their lines consist of the core of the historic center and the gateways.

Do you have priority projects that are ready to go right now?

Ms. Ratchford stated that they are always getting interest in their downtown areas. Historic Preservation is very expensive and the city incentives are planned to help with that. In addition, the city is working to encourage homeownership and restoration of properties. The gateways have had some development approved recently. Developers have been interested in the gateway areas but the projects have not come to fruition.

Is there 100% occupancy at the Ferry Cut-off shops?

It is at 100% but there has been interest in the property across the street.

### **Newark**

Mike Fortner represented the City and gave an overview of their application and district plan. He noted that this is Newark's second attempt to gain the designation. Since the

last round of applications, the city has added the DDD program to their comprehensive plan. In addition, they have held public meetings to determine the boundaries and how it would benefit Newark.

The boundaries have been adjusted since the last application. They have shifted to the east to pick up an old defunct shopping center which has a lot of vacancies. It is zoned BG which is their downtown zoning. They also picked up a residential area that could be an affordable housing option. While this is a college town, they don't want all homes to be college residences. They would like a variety of homes within the town.

What incentives do you have to attract investors to your area?

They have tax credits and they are considering tax abatements for condominium developments.

### **Smyrna**

David Hugg gave an overview of the town's application. Mr. Hugg discussed that 10 years ago there was not a lot of business in downtown Smyrna but today it is a place that is active and there are people on the street. Smyrna has made the commitment to economic development that will help the town thrive. They are completing a comprehensive market strategy and they have a very strong economic development committee. Mr. Hugg discussed their success stories, including an investment of 2.6 million dollars in the downtown area and brought in about 100 new jobs since 2013. They currently have 3-4 projects ready to go if designation is granted.

Is the boundary the same as the last time the Town applied?

Yes

The application states approximately 20 million dollars in private investment waiting. Can you describe the projects?

Mr. Hugg stated that it includes the Wright Mansion redevelopment, the 3<sup>rd</sup> floor of the wellness center, and 3-4 key buildings in the downtown area that are vacant but there are interested parties if the grants become available.

Have you looked for a developer for the brownfields site, the Smyrna coal/gas site?

Mr. Hugg stated that the property is tied up in back taxes right now. The town has been in contact with the owner to determine what can be done with the property but there has been no specific focus on that property at this time.

### **Clayton**

Clayton was unable to attend the meeting but David Edgell discussed that since their application in the last round the housing project has been completed and a building permit has been pulled for the commercial project but building has not started at this time.

### **Discussion by Committee**

Chairperson Tweedie stated that there are currently 3 districts and under the statute there can be up to 15 districts. Mr. Ben Addi stated that having an additional 3 to 5 districts would be manageable.

Mr. Blowman asked what the committees primary criteria. Ms. Holland stated that each committee member received a scoring matrix for each town and then a table which listed by rank.

Brian Maxwell stated that he would like to discuss the Town of Smyrna plan. He understands the ranking but in looking at page 3 of the OSPC report a weakness of Smyrna is that the data doesn't show strong need. Need should not be considered in the overall quality of their plan.

For the record, Chairperson Tweedie noted that the score sheets being referred to are reports that were prepared by the Office of State Planning. They are confidential draft documents that are not intended to be final or public. The ranked scores will be part of the official minutes that are posted on-line.

A motion was made by Chairperson Tweedie that the committee enter into executive session under 10004(b) of FOIA. The motion was seconded by Debra Gottshalk and unanimously carried by the members present.

Having received a motion and unanimous vote to move out of executive session, the Cabinet Committee meeting was called back to order at 3:05 pm.

Chairperson Tweedie asked if the committee was ready to move forward with a recommendation.

A motion was made by Valarie Watson that the following towns/cities be recommended to the Governor for a DDD (Downtown Development District) designation. Those towns are Laurel, Harrington, Smyrna, Georgetown, and Milford, with two notes. One note is that the City of Milford have additional conversations with the State regarding the crime free ordinance and Georgetown will need to have additional conversations or provide additional information regarding the concerns raised about Kimmeytown. The motion was seconded by Anas Ben Addi.

Discussion:

Ms. Gottshalk added that the motion should be amended to include the City of Milford making the criteria for the incentives more transparent. Ms. Watson stated that there would need to be clarification from the City of Milford on the “case-by-case” basis of the incentives. Mr. Ben Addi seconded the amended motion.

Ms. Tweedie clarified that the Town of Georgetown concerns regarding modification so the proposed boundaries would be consistent with the areas of need. The intent is not to hold off on designating the district but rather for the town to come before this committee at its next meeting with a boundary amendment.

Ms. Tweedie reminded the applicants that if this motion is passed, the recommendations will go to the Governor and he has three options. He can accept the recommendations, he can deny the recommendations, or he can table a recommended district for one year. Chairperson Tweedie noted that the recommendations will be made by way of a letter to the Governor. Follow up discussions with the towns should happen within the next 4-6 weeks.

With no further discussion, the motion was unanimously approved to recommend Laurel, Harrington, Georgetown, Smyrna, and Milford as Downtown Development Districts.

Mr. Ben Addi noted that the Delaware State Housing Authority has 8.3 million allocated for the next round of grants and those grants will not become available until the new designations are made by the Governor.

Adjournment

With no additional business before the committee, a motion was made by Brian Maxwell to adjourn the meeting. The motion was seconded by Valarie Watson and with no further discussion, the motion was unanimously carried. The meeting was adjourned at 3:25 PM.

Draft Minutes posted to calendar: 8/16/2016

Minutes approved: 10/5/2016 with changes

Final minutes posted to public: 10/5/2016