CITY OF NEWARK

DELAWARE

PLANNING COMMISSION

MEETING MINUTES

MEETING CONDUCTED IN PERSON AND REMOTELY

VIA MICROSOFT TEAMS

FEBRUARY 7, 2023

7:00 P.M.

Present at the 7:00 P.M. Meeting:

Commissioners Present:

Chairman: Willard Hurd, AIA

Vice-Chair: Alan Silverman

Secretary: Karl Kadar

Chris Williamson

Allison Stine

Scott Bradley

Staff Present:

Paul Bilodeau, City Solicitor

Renee Bensley, Director of Planning and Development

Jessica Ramos-Velazquez, Deputy Director of Planning and Development

Mike Fortner, Senior Planner

Katie Dinsmore, Administrative Professional I

Chair Hurd called the meeting to order at 7:02 p.m.

Chair Hurd: Alright, Good evening everyone, and welcome to the February 7th, 2023, City of Newark Planning Commission meeting. This is Will Hurd, chair of the Planning Commission. We are conducting this hybrid meeting through the Microsoft Teams meeting platform. I'd like to provide some guidelines for the meeting structure so that everyone is able to participate. Katie Dinsmore, the department's Administrative Professional, will be managing the chat and general meeting logistics. At the beginning of each item, I will call on the related staff member to present followed by the applicant for any land use items. Once the presentation is complete, I will call on each commissioner in rotating alphabetical order for questions of the staff or presenter. If a commissioner has additional questions they would like to add later, they should ask the chair to be recognized again when all members have had the opportunity to speak. For items open to public comment, we will then read into the record comments received prior to the meeting followed by open public comment. If members of the public would like to comment on an agenda item and are attending in person, they should sign up on the sheet near the entrance so we have your name spelled correctly and you will be called on to speak at the appropriate time. If members of the public attending virtually would like to comment, they should use the hand raising function in Microsoft Teams to signal the meeting organizer that they would like to speak or message the meeting organizer through the chat function with their name, district or address, and the agenda item on which they would like to comment. All lines will be muted, and cameras disabled until individuals are called on to speak. At that point the speaker's microphone and camera will be enabled and they can then turn on their cameras and unmute themselves to give their comments. All speakers must identify themselves prior to speaking. Public comments are limited to 5 minutes per person and must relate to the item under consideration. Comments in the Microsoft Teams chat will not be considered part of the public record for the meeting unless they are requested to be read into the record. We will follow public comment with further questions and discussion from the commissioners then the motions and voting by roll call. Commissioners will need to articulate the reasons for their vote. If there are any issues during the meeting, we may adjust these guidelines if necessary. The City of Newark strives to make our public meetings accessible. While the City is committed to this access, pursuant to 29 Delaware Code 10006A, technological failure does not affect the validity of these meetings, nor the validity of any actions taken in these meetings.

1. Chair's Remarks

Chair Hurd: That takes me to item 1, Chair's remarks all I have to say is go Eagles. So, moving on…too partisan?

Director Bensley: I should have brought my Ravens cup.

Chair Hurd: Ravens aren't in the Super Bowl last I checked.

2. Minutes

Chair Hurd: Item 2, the minutes. Are there any edits or corrections to the minutes from January 3rd? Alright seeing none, the minutes are approved acclimation.

3. Presentation and discussion on the city's Affordable Housing Analysis and Initiatives for 2023

Chair Hurd: Alrighty, that take us to item 3, presentation and discussion on the city's Affordable Housing Analysis and Initiatives for 2023.

Planner Fortner: Alright, thank you Chairman and Commissioners. Just a quick mic check, am I speaking loud enough into the mic, or is it? Can you tell? I don't hear my echo anymore so…I'm here to present the department's report, it's kind of a kickoff of a major initiative of the Planning Commission from their 2023 work plan shown on the front cover of your memo. Basically, to work on the Rental Housing Workgroup recommendations which include things like inclusionary zoning and other types of programs for affordability in Newark. Go ahead to the next slide, for the agenda today we're going to put together a kind of framework – we're going to go over housing, the college town dynamics of Newark, how it's impacted our neighborhoods, how it's impacted affordable housing. And then we'll walk through sort of the planning activities and analysis we've completed over the past 10 to 15 years.

Go ahead and go to the next one. And go through a path forward but to just put everything in kind of a planning context, a general structure, we're going to go to a college town, and just to establish a foundation, this is our vision. And part of that vision we have is a healthy and active community, a sustainable community, and an inclusive community. And I highlight some of the things I think that apply to this sort of initiative. Specifically, an inclusive community. We want to provide a range of housing choices and affordability levels and also follow fair housing and have Newark be an example of fair housing. We also do things with compact and mixed-use development, which is something that we work on a lot, but there's also energy conservation that we addressed last year or the year before with our Green Building Code. and also having a diverse economic base which includes housing. Having a diverse amount of housing that can meet not just college students and people of a certain middle class but different people with different income levels. All-inclusive in that. Can we go to the next slide please?

So, in the Comp Plan also we have a whole chapter dedicated to housing. You see there the initiatives we want to do. So, we want to work on the supply and demand for rental and owner-occupied housing. We want to manage our existing stock well; we want to create pathways to homeownership and addressing fair housing needs in the community. Go ahead and go to the next slide please.

So, I'm just going to go through a quick history of housing in Newark. We're going to go back to the pre-1950s just to give you an idea of how the university and the college town has kind of impacted our housing. Most of this I'm going to go over comes from this book called "The American College Town". It was published in 2009 and there's a chapter in there called "Town and Gown" which is just about Newark, it covers housing in Newark. And I remember a lot of our community members are interviewed in this book, so that's where I'm getting most of this source information. Pre 1950s, the University of Delaware, most students were expected to live on campus, UD housed the majority and if you didn't live on campus you lived at home. University of Delaware at that time housed about 17% of its undergraduates. That began to change in the 1950s. After World War II, there was a rapid enrollment increase and it increased the demand for housing. And during this period between 1951 and 1972, UD built 50 residence halls and added about 6,400 beds to their supply. And by 1961 UD housed approximately 60% of its undergrads. And so, by 1967 enrollment slowed and UD began slowing their building of new dormitories, housing, and started to encourage students to live off campus. There was even a point where they considered whether universities need to be part of housing at all. This is true of all universities or major state-run universities as well. They began to build dorms in the 50s, then stop building them in the 60s and even began shifting away from dormitories. So, during this period of time the percent of people living on campus reduced from 60% to 40%. And those people began to look outside of the college campus. So, there was more a demand for that, students began to want to get off the college campus.

And they also did some other things, they eliminated the requirement for unmarried females to live on campus which they should have, that's fair. And they also began accepting more out of state students and this is because state funding began decreasing for universities and this was a way to increase funding by admitting more and more out of state students and they pay a higher rate. But they're also more likely to need housing on campus rather than living at home.

So, by the 1970s, 1971 no new housing was built despite enrollment increasing by about 4,400 students over that period. And increased demand, that demand for housing went out into the neighborhoods. And so, developers started building apartments but also landlords started to see the value of buying single family houses and turning them into student rentals especially near that campus. And that very much impacted the neighborhoods and transformed each block.

So, on the lefthand side there's some examples of some housing, the first picture there is what we call Skid Row and that was workforce housing, blue collar people working in the mill used to live there. Same with New London Road and Cleveland Avenue community, these were all workforce housing, modest income families living there, they were owner occupied. As college demand for housing spread outside of campus, they began to take over those neighborhoods, unit by unit landlords buying a unit then renting it to students. Until eventually there were very few homeowners in those areas. I'm sorry can you go back to the previous slide please?

So, in 1991 UD builds additional apartments on campus and increased their capacity to about 7,400 and their policy has been to replace and refurbish old dorms but not necessarily increase capacity. Go ahead and go to the next slide. This is, about 40% of UD students are housed on the campus, this is a comparison from Fall 2021, UDs, if you go to their website, they show I think it's around 42% you can find some other little variations but I used this source just so I could compare other college campuses, sort of flagship state colleges. And UD houses, it's about the same. So, this is true of all college towns, they're all dealing with this, where colleges are only housing a fraction of their students, UD actually houses a higher percentage than many other state universities in this area. On the chart next to that you can see private colleges tend to house a higher rate over 50% whereas private colleges, nonprofits house the highest rate, public universities are around 36% followed by profit universities that house very few generally. Alright go ahead and go to the next slide.

Alright, so now we're going into the City's response to the University's growth, so as you can see this started to get very noticeable in the city, especially during the 70s which is when these neighborhoods began to transition. So, the City Council imposed limits on how many people could live in a single-family house rental, they reduced it to 4 unrelated people. The intention of that is twofold, first of all they kind of wanted to limit the profitability of these types of student homes and so doing that by limiting the number of people that they could put in there and charge rent to. And the other concern was to alleviate student behavior issues, so the idea is that less students are in a house, the fewer problems, or group behavior issues they would have so by limiting them to smaller houses. And this is something we still talk about today, do smaller apartment units lead to less problems. Another concern was that this was a time where the university was really cracking down on student drinking and the police were cracking down on underage drinking in bars. And this had a side effect, it pushed the parties outside of the bars and dorms and forced them more out to the residential neighborhoods.

So, by 1985 to 89, the City Council amended their code again to require evictions after two noise ordinances in one year and require rentals to have two off street parking spaces was added and also increase rental permit fees. And 1992 they reduced the occupancy again to three unrelated persons and in 1999 they created what we call now the Student Home Ordinances where they prohibited new student rentals within specific distances of each other usually it depended on the zoning district, typically it was 500 feet in single family neighborhoods and they exempted 33 streets that were already a high proportion of student rentals. Basically they kind of hit that tipping point and they were all basically student rentals anyway so they exempted them. And this ordinance was modeled after a Villanova University ordinance.

2003 we were sued by the landlords because of that, the Student Home Ordinance, in 2003 the court ruled that our Student Home Ordinance was against the Delaware Fair Housing Act because it discriminated based on marital status. Council had a special meeting, and they changed the ordinance to address the ruling and it still stands today. Between 1987 to 2006, we built 1,169 apartments between that period. And this was the beginning of a formation or a policy or strategy to deal with student housing. One was to try and limit the encroachment into the surrounding residential neighborhoods, by putting more restrictions on student rentals in single family houses, but also providing an alternative which are providing more apartments where students would prefer to live, it would be closer to campus, and they would have more modern conveniences and again an alternative to living in single family houses. And I'm going to come back to that. We also had a series of homeownership programs that I've outlined here. Many of them have been discontinued and I'm going to talk about those more later and we also have home repair programs that encourage affordability. That's usually our three-pronged approach so, the next slide please.

This is a graphic of student rentals, so as you see in the 80s and 90s, we start to see a dramatic increase in the number of student rentals as college students started encroaching onto residential neighborhoods. With the restrictions the Council tried to implement, in addition to the construction of new apartment units to try and lure students to apartment units as an alternative to single family houses kind of leveled off the demand for new rental permits from 2010. We have a different kind of rental but it's hard for me to update that, because it's hard to get an apples to apples. We measure them different and I couldn't really put that together, but I will show you the tool that we have now based on information we have. So go ahead and go off of that.

So, we, this is a spreadsheet, exhibit C in your packet and it shows year by year the multifamily developments that Council has approved each year and includes the number of units, number of beds, estimated number of students it houses, it gives the net so a lot of times when something gets built it usually tears down a smaller development and so we focus on the net by that. And so, you can see we've had between 84, 50, 138, in 2002 and go to the next one please. Then in 2013 we had a big jump to 476 units that we approved that year. And it had a lot to do with the two highlighted there, what we called The Retreat at the time, and is it called The Retreat now? I forget.

Commissioner Stine: The Waverly.

Planner Fortner: It's The Waverly, ok. So that was approved and then we also had the Newark Shopping Center apartments approved. And so that was a big chunk of it at the time and that happened to be more units we approved that year than the previous 8 years, or since 2000 or something. So, it was kind of a concern in the community, that maybe we're approving too much housing and how much was too much was the question, and the fear was that if we approve so much housing, we're going to end up with a bunch of empty units that we weren't able to rent. So, we didn't want that to happen to saturate the market. This was also at the time we were starting to update our Comprehensive Development Plan. Go ahead to the next slide please.

And we included an action item to do a Housing Needs Assessment. And it would have two parts to it, so we would do a market analysis of housing, measuring what the demand was based on student growth. We also wanted to look at ways to encourage homeownership and also how to provide housing for other types of non-students and also more affordable housing. And that was the action item, we started that before we even adopted the Comprehensive Development Plan that we created this action item to move forward. Can we go to the next slide please? Great.

So, what that resulted in was in 2015 we presented the Rental Housing Needs Assessment and phase 1 was a market analysis. So, they looked at, and they studied it in an economics way, so they looked at vacancy rates. So, in 2014 our vacancy rate was 2.9% and that was because of an apartment that opened late, they had a lot of vacancies, but they expected that to drop to about 1.9% in 2015. A tight housing market is considered in between about 3 and 4%, so if you have a vacancy rate below 4% in your apartments that's considered very tight, that means it's hard to find apartments and apartments tend to be more expensive. They determined that there was a strong demand for student apartments, newer units had the highest demand located near the campus, they had the room rates at the time. And typically, a student, if they wanted a house next year, they had to reserve their housing the previous year by October or November or they were not going to get the premium housing at that time, they'd be looking for whatever's left. And so, there was a very tight market.

UD enrollment, despite the UD policy at the time which was steady enrollment, they weren't looking to increase, but UD had increased by about 1,400 or a little less than 1% per year over the past 7 years. And so, with that, they determined just to keep pace with the University growth you need an additional 50 units per year, the market would need to create that just to keep pace. If you wanted housing for other people, you had to go past that. And if development for new rental units outpaced the growth of the UD student population, so if we built more than 50 units per year, older apartments and single family houses located farther away from the campus, would likely be impacted the most, they would likely have lower rents and increase vacancies and this would increase opportunities for other types of individuals living in Newark besides college students, they would gravitate towards the newer stuff and stuff closest to campus. There was also about the English Language Institute was studied which we didn't know much about at the time so there was a study on that. It describes what that is but there was 8-week sessions and they had as much as 2,200 unique students each year. They were seeing impacts of about 800 and these were taking up approximately 200 additional rental units, they were not counted as the student population or part of enrollment. And I understand that number has recently been updated because of COVID and because of some of the political tensions with China that number has been drastically reduced currently, though they do expect that number to come back up at some point.

And finally, the market rate for non-student housing, they determined there was about 820 units for nonstudent housing which was about 14% of our rental market for non-students. They make up about 4% of Newark's population, non-students living in rentals in Newark. Go ahead and go to the next, thank you. So continuing phase 1, again affordable housing, just an inventory of our affordable housing determined that there is a great demand for affordable housing, the Newark Housing Authority had about 800 households that are on the waiting list for Section 8. Its basic findings were that the market needed to create 50 units per year to keep pace, created more. That would create opportunities for other types of housing. If you created less, then it's likely the student demand would continue to encroach into single family neighborhoods. And if we wanted more than 453 affordable units, we need to find ways to create that as well and provided recommendations in your report there are some inventories of that. Go ahead and go to the next slide, thank you.

This is the University growth, it was projecting 50, about 183 new students per year, just basically trying to stay still. Of course, after that time the University did announce that it was going to do some growth and this is what they've done, they've grown at a rate of about 1.3% since the Rental Housing Needs Assessment in 2014. So that's about an extra 259 students per year so since the fall of 2013 they've increased by 2,073 students and that's kind of the break down between the blues, the grad students and the orange is the undergrad students. So, with that, that pace, it's between an extra 17 to 20 units would need to be created to keep that pace. Alright go ahead to the next slide.

This is the breakdown of the college students, and this is in your packet. It shows the number of students living on campus and off campus. It has them pegged at about 43% was their estimate, the number of undergrads living off campus is 8,038 then students living at home was about 9%. Graduate student housing living here too, about 70% of graduate students live in Newark it projected. And that's kind of the breakdown, we can come back to that. We're going to go to the next slide please.

This is what we've built over the past year, and this chart is from exhibit C year by year this is the net approval. It's the units created minus any existing units. And so, we've had 83, so if the standard was to create 50, you know that gives you a measurement, or maybe 70 now, it gives you a measurement of how we've been keeping pace. But some years, like 2017 we only had 6 new units created oddly. And other years, in 2019 we had close to 500, it was 490. That was the year that the College Square, now called The Grove was done, which is an apartment building targeted to non-students. Also take into consideration that in 2019 UD vacated the Christiana Towers, so they took those units off that was 1,300 student homes and they purchased the University Courtyard, so that was about 296 units or 880 bedrooms. So, they took that off the private market and made that part of their dorms so they could be neutral. From their point of view, they've kept the housing the same but really, they took out 880 bedrooms or 296 units off the private market, so we have to make that up too in our projections.

Ok so this is the last three years, and we've been keeping a pretty good pace, so we have 232 and 170 in 2022 and then 223 this is the pipeline. If they have a date next to them than they were approved but if they don't have a date next to it that means they haven't been approved yet. If they're in blue, then that means they haven't been built yet but if they're in black that means they have been built. So, things over that last two to three years haven't been built yet. Go ahead and go to the next here.

So, we're going to switch gears now and go to the Rental Housing Needs Assessment. And this was done in 2015 to 2020 we were participating in this, there's a link to the report. Just to put it in a nutshell they determined that there was a great need for rental housing, this happened right after the bubble burst so there was a lot of chaos in the housing market there's a tremendous need for housing for people below 50% below the area median income. There's a greater share of renters now, there's a greater share of smaller households that are creating a need, that need rentals as well. Some of our strongest industries particularly healthcare and tourism and retail those are some of our fastest growths here. They indicate that we need more rental housing and that the demographics are shaping for smaller households we're having smaller household sizes, a lot of seniors moving to Delaware, they're looking more for ownership, but smaller ownership opportunities.

For Newark, they assessed our rental housing market, it's very high and competitive and surprisingly they said that our homeownership market is moderately priced. So, we have a high rental market and a modest homeownership market, in terms of housing prices compared to the state. Go ahead to the next slide. So, then we'll get to the phase 2. Phase 2 was based off of course phase 1 and the market analysis. They tried to look at where we could have growth with student housing and also provide opportunities for non-student housing both in rentals and homeownership. The basic concept of the proposal with the consultant and this is with the Steering Committee, was to focus growth in the areas that are in blue. They eventually became our focus areas, focus growth there, the places in blue are exempt streets in the Student Home Ordinance. And then by encouraging students to live in those neighborhoods it opens up possibilities in other neighborhoods to transition those neighborhoods from student rentals to either family rentals or homeownership opportunities. And so, the next one that recommendation was to transition that through a series of homeownership programs.

So, recommendation one is something we did review in Planning Commission, the idea was to add some streets to the Student Home Ordinance or the exempt streets which were already very saturated with rentals. That idea did not pass. Also, just to do, across the board, from three to four for exempt streets, so three unrelated persons is currently allowed on many streets. But many of the homes are grandfathered in that can have four so we thought it would be simpler to create this across the board, four and on exempt streets but that idea didn't move forward as well. The idea was to just increase housing opportunities in those areas for students that's where they wanted to live, so just to allow more students to live in those areas and pull them out of the other neighborhoods. But there's still a lot of effort to preserve some neighborhoods and some people thought it was still encroaching on their neighborhoods because we tried to put some extra streets in there, probably a mistake, it just seemed to stir up things. The next thing, we also tried to do more for homeownership opportunities, so encouraged to bring back a lot of the programs that we had. A lot of them have been discontinued. Those homeownership programs where we help people buy homes are very time consuming and they cost money, so we have to give money for loans when we don't know if they're going to get paid back, sometimes they don't get paid back. And also, it's kind of one by one I mean the impact is one house at a time. So, they don't have a huge impact right away and it's hard to know if it's sustainable too, because you can take a house off the rental market and make it home ownership, but if they sell it, it could just go back to being a rental. So, it's a tough thing; go ahead to the next slide.

I'm moving now to the 2020 Delaware Analysis of Impediments to Fair Housing Choice. Again, this was completed in 2020 and Newark participated in this and played an active role. Statewide they looked at things like lack of housing opportunities because of the high cost of land use and zoning, that was an issue. Zoning regulations that prevent density and prevent affordable housing from even getting built. We have lending discrimination in Delaware, and location where the affordable housing is, and sometimes it's not in good areas. Oftentimes not in good areas; so, there's just a general lack of affordable housing for both homeownership and rental opportunities. So, it's policy recommendations include things like inclusionary zoning, so they have that as a list of something for Newark, Accessory Dwelling Units for Newark, Wilmington, and Dover. And it includes building more multifamily housing which of course is a big thing. Another thing they're recommending is that communities waive or reduce fees for affordable housing, so Building Permit fees, other types of impact fees, that we reduce them for affordable housing projects that want to get built here. And that's the series of recommendations for Newark, they acknowledge that the University of Delaware creates unaffordability in the rental market and that impacts the Public Housing Authority. And they have to compete in this market, they have to find housing for their residents in the city municipal boundary and they have to compete against student rentals, and they have a hard time doing this. So, their section 8 vouchers go unused because they cannot compete in that market. Can we go to the next slide please?

This is an analysis of zoning and how it impacts communities, but they say restrictive zoning and outdated land use regulations can suppress housing supply, drive up housing costs, and widen racial and economic disparities. So, for Newark they do an analysis of our housing, they notice that we have a lot of multifamily zoning districts, but they say 16 units and 36 units, it's not exactly, well it could be denser they're trying to say. And it's not really dense. They also note, and there's a public comment about the next sentence, "individual areas zoned for garden apartments are relatively small but well scattered across the city mainly surrounding the University campus which is allowed to build all the housing it wants in UD zoning. That's kind of weirdly worded, but basically what it's saying is in the UN zoning the University can build as much housing as they want and as dense as they want. Which is true, and then they talk about our BB mixed use zoning district as well. So basically, they say we could use some more high density residential but as you've seen we have been proving a lot of multifamily residential and I don't know if that's true across the entire state, it certainly isn't. Go to the next slide please.

Finally, we're getting to the workgroup, and this was created in April of 2019 because we wanted to study housing more, so we created a group. This was very highly represented, there were many members across, someone from every council district, the NAACP, a lot of different local organizations that have some sort of role either directly or indirectly with housing, so it was a big committee. We divided that committee into three workgroups. So, we had student, and the University was very involved with this as well, so we had a student growth area with rental permits and then a non-student and affordable housing workgroup. And the workgroups met separately then they came together and gave their recommendations to each other. Then they created a subcommittee report. Go ahead and go to the next slide please.

And so, what came out of that thing, particularly in terms of affordable housing, its recommendations included ADUs which are Accessory Dwelling Units, and we did talk about this last year, but these are smaller apartment units on a single-family lot, it's usually one unit connected with a larger, primary single-family house. And so, these are common in many areas and they're becoming more common. It's a way to provide, a way for affordable housing for either a person to rent to someone to make sure their primary house is affordable, or the primary owner could live in the accessory dwelling unit and rent out the primary house. Mother-in-law suites they're often called, that was reviewed, and Council did not want that to go forward so that's on the backburner still. The other thing was inclusionary zoning, that's something that will likely be one of the focuses this year, is to look into creating an inclusionary zoning option. Which is where you force the developer to create affordable housing as either an incentive or some sort of requirement. But let's say if they build 50 units then a certain portion of those would have to be affordable and they're blended in with the regular housing. Then we had focus growth areas, and those are the areas we put in our Comprehensive Development Plan, our focus areas, so they like that and they think that we should focus density and growth in those areas. And then finally ownership programs, they wanted us to bring back those ownership programs where we help people buy homes. Go ahead and go to the next slide please.

So, there were other committees on that, I'm not going to go through all of it, but the report is with your packet. One thing that might come before us this year are revisions to the Property Maintenance code that could include some changes to the Student Home Ordinance, the way we measure to allow for occupancy. Those could be coming back to us because some of that is in the zoning code and that's being worked on right now. And go ahead and go to the next slide. And this is where, I told you about the rental permits and can you click on that link below? See if it works, if not you go to the city maps app, but you can go and see where all the rentals are, it's going to bring you online, an interactive map online that you can see parcel by parcel and you can see where the rentals are. I guess it's taking you right to the thing, could you go down a couple down, that's the gallery, go to the third one there, that's the active rental permits. Up at the top there, there it is. Exit out of that. Anyways if you zoom in you can see parcel by parcel where the units are, the reason why it's better than just the raw numbers are, because you can see where the units are. Where they're clustered, where they're not clustered, and as you see the core around the University, they seem to be more densely clustered. They also seem to be clustered otherwise around where affordable housing is, units that generally tend to be more affordable for especially first-time homebuyers, rentals tend to be clustered in those, the landlords tend to buy them then rent them to students, or non-students, especially as you move away from the university they tend to be rented to non-students. Then if you go outside the city, for example Fairfield you can see here, Oaklands, you don't see a lot of rentals in those areas, it's very sporadic with one here or there as you go of course North, there's not many at all.

This is available for everyone to look at and see where it is but some areas where almost all the places are rentals. And if you can zoom out of that and go back to the slide, that pretty much concludes my presentation and to the discussion.

Chair Hurd: Ok, thank you. We will begin with Commissioner Bradley.

Commissioner Bradley: I would like to say good presentation and I don't have any comments at this point, it's a lot of information to digest, I'm just curious which direction we're going with all this stuff.

Chair Hurd: Ok, Commissioner Kadar?

Commissioner Kadar: I was looking through some of the background information that was provided to us prior to this meeting. I have a couple of questions and I have notes everywhere so bear with me. In your presentation I believe this is your presentation, oh no this is the 2017 background information. And in your presentation, you talk about the growth rate, and I had some questions about the original 2017 document which was conflicting information; one said that the annual growth rate was 1% and the other one said that it was 7% but you've corrected it in here and said it's 7% over the period. But you still say annual growth rate in the presentation of 7% which I know is not correct.

Planner Fortner: Yeah, the presentation has the revised numbers I try to say it's 1.3% but over the period I say 7%.

Commissioner Kadar: On page 5 of 8 on this 2017 presentation it says that "this represents an 7% annual growth rate"

Planner Fortner: That's the actual exhibit A report.

Commissioner Kadar: Ok, and your documentation if I can find it, a 1% annual growth rate, 7% total. So that's the correct number?

Planner Fortner: That is the correct number. I think it's a typo in the report that made it sound like it was 7% every year, it's really 1%. So yes, it's about 1%. In the study it was about 183 students a year and that's about less than 1% and over the last 5 years it was about a 250 some students per year on that chart, and that's about 1.3%.

Commissioner Kadar: Just as a comment, page 6 of your presentation, without seeing the number of undergraduates living in college owned properties, my expectation was that based on all the stuff I see happening in Newark is that it's probably in the lower 20s, I'm shocked to see that it's 38%. I just mention that in passing, that's just unbelievable. That's a relatively high number and I was prepared to rant and rave about how the college needs to do more, but unfortunately.

Planner Fortner: It's more than other colleges are doing, yeah.

Commissioner Kadar: But unfortunately, they're no better or worse than anybody else. On page 8, you show the response strategy for neighborhood preservation and the fact that the rental permits are decreasing. How confident are we that that's a true reduction or is it just noncompliance with the rental permit requirements?

Planner Fortner: I don't know, I didn't assemble that data, it was done by Roy Lopata, and he used to track that very closely, but he used different numbers then what our system is now because we use Munis, and they track a little differently. So, I can't recreate that.

Commissioner Kadar: I say that because I suspect that given my own neighborhood and developments around district 6 that the numbers that show up as actual rental properties that have acquired proper permits are actually a lot lower than the actual rental properties.

Planner Fortner: Go ahead, did you want to say something Renee?

Director Bensley: I was just going to say, I feel like I can speak to that, so one of our prioritization projects from Council from 2022 that I believe is going to carry over into 2023 is doing a Rental Permit Database audit. So basically going through, cleaning up the database for unpaid permits to see how many of those are actually still rentals versus how many of those are you know folks that are no longer renting but just didn't cancel their permit, and then from there taking and doing a citywide audit of property owners, identifying properties that we believe are rentals for example ones that are owned by LLCs, or owned by individuals who the owner's address does not match the property address and then doing outreach to get those folks on the rental permit rolls if they are in fact rentals.

Commissioner Kadar: Yeah, because I manage a pseudo-homeowners association in my development. We don't have a formal one, but we have a landscaping committee that manages the front entrance, and I can tell you from the checks that I receive every year from the people that live in New Jersey, Maryland, and all kinds of other places, for addresses inside the development, there's quite a few of those. And I suspect that there are a lot more than actual rental permits that are issued.

Director Bensley: I think there's a mix, right? So, if you look at that map, my neighborhood is one of the ones that has a blue dot on more than 50% of the houses. But some of those that don't have them, the owner may not live there but it's a family member that lives there or you know our neighborhood you see either, some folks have family members that live there others have you know purchased the house for their kids to live there while they're at the University because we live in a moderately priced neighborhood and sometimes that is less expensive than paying rent in some of these units for 4 years. But if it's a relative that's living there, it might not be the owner who lives there but they're not required to get a rental permit because it's not an unrelated person. So, there are some dynamics as far as that goes too. So, when we're doing the Rental Permit Database audit, we're going to be digging in property by property to see where it's situations like that versus where it's a true rental that is not currently registered.

Commissioner Kadar: I look forward to that effort, thank you. And I don't recall whether this was brought up, there was a recommendation regarding putting, setting aside a number of rental units as affordable housing within a project, right? And when I looked at the recommendation that was placed in the 2013 or 17 report, whatever, it indicated in there that there was an out, that a fee could be paid in lieu of providing the units. I'm just going to be blunt; that's a cop-out. And I suspect that what's going to happen is what happens here all the time when we talk about parking waivers and all those other things. The builder or developer will be more than happy to pay whatever penalty you want to assess in order to keep the building pristine. So, if that's the recommendation that's coming forward. I would strongly suggest at least from my position, that should not be an option.

Planner Fortner: Ok, fair.

Director Bensley: If I could offer a counter point to that. So, one of the benefits of having that kind of option is having a funding stream for some of these programs to help people get into homes. So, to help fund first time home buyer programs, to help fund downpayment and settlement assistance programs, to help people get over those entry level barriers to home ownership that folks of low to moderate income may not be able to afford. So, part of that I think is helping to keep existing housing stock as owner occupied and to help people get past some of those initial barriers to entry. You'll have seen in the report and in Mike's presentation that you know the city used to have a lot more programs that did that. Right now, we're down to one program that does that, and it gets enough funding for one loan a year. So that is not a lot to help change the problem, so if we are able to get a funding stream that we're able to dedicate to efforts like that, that would help.

Commissioner Kadar: But if you're going to allow builders to eliminate the potential inventory of affordable housing that the city could help provide funding to help get them into that housing, there's never going to be any affordable housing and you can have all the programs in the world that have to run through a bureaucratic process to get funds to people to allow them to move into affordable apartments or apartments that will become affordable because we're subsidizing them. But those apartments don't exist because the builders never build them or set them aside. We're headed towards another tightening of the market, just my opinion.

Planner Fortner: So, the provision to allow the developer to pay into a fee in lieu instead of actually providing that housing is actually very common, but it's also very controversial among housing advocates and they generally prefer an ordinance where you're forced to do it.

Commissioner Kadar: I understand it's common, just as common as parking waivers.

Planner Fortner: So, we have to design it in a way that provides incentive to make them want to do it but not depress housing in Newark. If we create an ordinance that's so strict that developers don't want to create housing anymore, then that shoots ourselves in the foot because we need the supply. We need to make it so that it would be advantageous to them to provide the housing as opposed to buying it out or if we make that an option.

Commissioner Kadar: My last comment. On page 20 of your presentation, the final bullet dot under local policy and regulations. Say a little more about this one. "Municipalities with crime free housing and nuisance ordinances advocate for their removal and advocate for legislation banning such ordinances"

Planner Fortner: Right. That's a hot topic in the fair housing arena and I'm not extremely versed on it, and it sounds like you're familiar with it too Chris, but they seem to be disproportionately focused on the poor and minorities and they're much too strict.

Commissioner Kadar: Oh, you marked it too.

Commissioner Stine: I marked it too.

Commissioner Williamson: I guess I just say in general a lot of tools that a local government has to help affordable housing, it's like a two-sided coin, it can increase the cost of housing and have you know the negative affect. So, it's a messy problem.

Planner Fortner: Some of that might include like not being able to rent to someone with a criminal record or have been in jail before. A lot of times if you have bad credit or you know they won't rent to you, then you're just excluding people from the market anyway. So many advocates want to see less of those or make them less strict.

Commissioner Kadar: Ok, that concludes my comments.

Chair Hurd: Ok. Commissioner Silverman?

Commissioner Silverman: During the development of the multifamily age, we heard testimony from graduate students ironically who were looking for housing that was designed for a community of graduate students. We were told that they chose not to live in student housing among the undergraduate students they teach and that seems to be, if you want to call it a niche in the Newark housing market that isn't addressed in any of these studies. They've got a foot in one camp where they're students, but they've got a foot in another camp where they are adults living an adult lifestyle and they choose not to comingle with the 24-hour undergraduate lifestyle. And with the Council's reluctance to explore the Accessory Dwelling Unit proposals, are we bringing back the expansion of duplex zoning or duplex opportunity within the zoning ordinances? That has the ability to produce housing that visually resembles a smaller unit a single family detached unit but can increase the local population without increasing the density in any great number. I don't see duplexes specifically mentioned in any of this and finally my last comment and I hope Allison will comment on this, with the new dynamics and the cost of construction, the cost of affordability with respect to mortgages, the cost of utilities. I think some of the numbers and demographics in these studies need to be refreshed. I'm interested in cohorts in our community and their ability to purchase at 30 or 40% of income to rent with some of the standards in income to see what the real picture is. We can put the opportunities out there, but with the distortion of the university community housing our 6 pack units it becomes very difficult for people, or rather it had been difficult for people to afford rents and mortgages, and I believe it's even more difficult in today's climate and the climate for the next 5 years. And that's my comments.

Chair Hurd: Ok, and I will just mention on page 21 of the Newark Rental Housing Workgroup draft report, there is a discussion about inclusionary zoning ordinances, including duplex or semi-detached housing in single family zoning. So, there was some reference to duplexes.

Commissioner Silverman: Is that something that we could perhaps move forward?

Chair Hurd: Oh absolutely, I'm just saying that there is mention in the recommendations there.

Director Bensley: I will also say in the Omnibus Bill passed by Congress this year part of their CDBG allocation has 85 million dollars for a pilot for a new competitive grant program to incentivize and award local governments to modernize zoning ordinances and land use policies for the purpose of developing affordable housing. HUD is still developing the details on how that program will work, but that is something that we are monitoring in order to, you know maybe there's a carrot to go with some of these changes to incentivize them.

Chair Hurd: Alright thank you. Commissioner Stine?

Commissioner Stine: Thank you, so I just want to say first of all affordable housing not only helps to build generational wealth, but it also helps bridge the gap in racial wealth disparity, so affordable housing is an extremely important subject and I've got quite a few comments if that's ok. In the January 2021 - 2023 summary of the efforts of the Rental Housing Workgroup. On page 3, I understand the exempt block. So, the recommendation one is to expand the number of blocks that are exempt from the Student Home Ordinance. Recommendation was to incentivize the shift to non-student renters or owner occupants in targeted neighborhoods. Was that done?

Planner Fortner: So, no. That mostly focuses on providing home ownership opportunities like the programs. So, we didn't create any new homeownership programs, the idea was, well it's kind of a two for one, you get more students to live in the more targeted areas and that opens up opportunities. And we believe that's happening with the way we're building the supply. We've been keeping pace with the increased demand, and we see these affects in neighborhoods like College Park or Madison Drive. We see this in the college town apartments, they used to be exclusively students, but they've not shifted to a nonstudent market, so we're seeing this on the outskirts of the town just as the studies proposed. So, we think that's happening, but have we developed a city run program to encourage homeownership, no we have not.

Commissioner Stine: And then recommendation number 3, I agree with you, Planner Fortner I think even in my own neighborhood I've seen a shift because of what the city has done which is approve these projects in the BB district, which by the way if you look back at the survey that was done in 2019, the community survey, it was one of the few questions on the survey that most of the residents were not in favor of. It seems to be one of the things that the city did very well in accomplishing. The recommendation number 3 says "leverage existing resources and opportunities to develop additional rental homes. Anything on that front?

Planner Fortner: Yes, so on that, it was part of the Newark Housing Authority, they are putting an initiative forward right now with the redevelopment of George Reed Village and that will lead to more development. We would like to find or use the low-income tax credits to expand housing with private developers, they've renewed at Victoria Mews so that is staying as affordable housing so we've done things to rehabilitate that location so it can stay affordable for another 20 years. And so, I think we've made progress on that as well.

Commissioner Stine: And then, explain to me how creating incentives for landlords to participate in regularly scheduled property inspections, I have so many questions around this. One, I'm not sure, how does it play into affordable housing? I mean I know it's under the purview of the Planning Department and Code Enforcement, but how does it fit in here? How did it become a recommendation?

Planner Fortner: Well in both the studies, both the workgroup and the Rental Housing Needs Assessment, the scope was beyond just affordable housing, that was just one component of it but the idea for safe housing, is that for a property code enforcement officer to go into a property the tenants and then the landlord needs to let them in so they can inspect. And sometimes they're not able to inspect houses because of this and plus there's such a high amount. So, the idea was to create a gold star so they would give incentives for inspection, they would get this, if you're a college student or parent then you could look and see that this apartment complex or this rental home has a gold star, they could advertise it as that and that would maybe be incentive, oh I'll put my kid there for college you know. Then if they didn't have that they'd ask why not and we could say oh well the landlord doesn't want to get the inspection, well now that's a problem. And so, this is a great idea I think, but there's been some resistance to it.

Commissioner Stine: Yeah. So, a couple things. One, how did it ever become voluntary? Because that's not true in other jurisdictions so why is that not a function of getting a rental license?

Planner Fortner: Well, you do have get inspected to get a rental license, it's the annual renewal, where you have to get a yearly inspection, that's when they have to let you in. But it's a policy, there's private property rights where they don't have to let you in…

Chair Hurd: Basically, tenants can refuse admittance to the inspectors, the landlord has no authority over that.

Commissioner Stine: Right, so why don't we just hold the landlord accountable for that?

Chair Hurd: They are reluctant. Some are reluctant to do that.

Commissioner Stine: They should be.

Chair Hurd: I'm just telling you from the conversations we've had, there are landlords that are reluctant. There are some who write in their lease that say you have to allow the city to come in and inspect and they're upfront about it. My other recollection for that effort, part of it was also that those less expensive rentals out in the neighborhoods that are a little more on the iffy or shady side, would be harder to get a clean inspection and could basically that's another way to push them out of the neighborhood to say if I can't rent this house because I'm not getting an inspection, I'm not getting my gold star, I might as well sell it and turn it into a home again. So, there was a little bit of that, so we're trying to push the lesser ones off.

Commissioner Stine: So, if we recognize that the value of an owner relying on a star rating for getting more rent or getting better rent that leads us into a whole Airbnb conversation because that would certainly improve the property condition if you were dependent on five-star rentals, but we won't go into Airbnb tonight because I know we've got a lot to cover here. So, nonstudent and affordable housing. The one thing was to identify opportunities for rent burdened families to find rental housing within city limits. "Rent burdened" is 30% of your income to housing expenses. I'd say we're facing more of an extremely rent burdened issue with more than 50% of your expenses going to housing, I think we should, that is a widely recognized definition and I think we should consider incorporating "extremely rent burdened" into our reports. Because rent burdened really doesn't, I think paint the proper picture. Just a thought. There are a number of assumptions in older reports that talk about for instance the price of housing in Devon, and in Cherry Hill and Cherry Hill Manor. And I think that they were being used to demonstrate to a potential homeowner that they could buy the property, and that they could accept the voucher because it would be profitable for them to do so, right? They'd get a good rate of return.

Planner Fortner: Are you referring to a section 8 voucher?

Commissioner Stine: Correct, right. But I'm wondering if we can update the value of that voucher. And also, update the price of those homes. So, in one of those scenarios for instance talks about a house on 911 Pickett Lane, and they had determined that the acquisition cost was 180 or 190,000 and the taxes were 1,300 and they were using that in the calculations to say you can take a voucher and still make money as a landlord, sort of an incentive for someone to buy and rent. The problem is that the house today is say 385,000 and the taxes are 3,100. So, is that something we need to update, would that be valuable information? There were three scenarios that were outlined, it looks like they used Devon and bins as one, maybe a small single family home community versus a larger 4-bedroom single family home community in Cherry Hill and then townhouses in Cherry Hill Manor. It was in the 2017 Rental Market Needs Assessment.

Planner Fortner: Yeah, I believe it's on page 5, 6, or 7.

Commissioner Stine: Yeah. I mean there are –

Planner Fortner: It's a (inaudible) they have trouble I think with the vouchers affording them, they need other kinds of funding streams for that, so.

Commissioner Stine: Right. Well, I think as a homeowner, if I could buy 911 Pickett Lane today at 180,000 with 20% down and 1,300 dollars a year in real estate taxes, and only an operating expense of 375 dollars a year, I could probably make those numbers work but the reality, I mean the assumptions are just so off, I'm just wondering what's the current price cost of a voucher? What's the current value of a voucher to a landlord?

Director Bensley: So, I think part of the issue right now is that the value of the voucher is set by the federal government and it's a lagging indicator, right? So, the value of the voucher has not caught up to the current spike in housing and construction costs. So, that's something that has you know, you have a market in Newark that is already higher than what a lot of these vouchers can afford and then on top of that you have the spiking real estate costs over the last two years. So, until the federal government catches up with the amounts of the vouchers, it's going to be a challenge to find folks who are willing to take them.

Commissioner Stine: Absolutely, that was my point. So, I'm wondering is it worth updating? Is a voucher still 1,350 dollars?

Director Bensley: I don't know, that's a question I'd have to ask.

Planner Fortner: We can look into it: I can talk with Marene.

Director Bensley: I think one of the challenges we're facing and part of the reason for this presentation to you guys and the presentation subsequently we're going to make to City Council with a lot of this same information. We've done a lot of studies, we've gotten a lot of recommendations, we've gotten a lot of information and the challenge with studies is as soon as the study closes, and it's published it's going to be instantly out of date. And at what point do we want to start putting some of these recommendations into action, instead of continuing to pay consultants to do studies. So, part of the effort with this presentation and subsequently with City Council is to say here's all the information that we've collected so far. We know it's not perfect, we know some of it is a little more dated than we would have liked, particularly around the pandemic kind of put a big stoplight on a lot of this work being done when some of these things were being published. But let's start working with what we have instead of continuing to kind of wait and see and wait and see as we do more studies and more things with consultants. What can we work within what we have to start making the problem better as opposed to continually delaying action.

Commissioner Stine: I think that having an accurate depiction of why somebody may not choose to accept a voucher is pretty good information, I mean it's easy to display it's easy to digest, I spend this much money it costs me this per month, a voucher covers this and I'm clearly losing money. So maybe it's good to do a side-by-side comparison to say yeah, we've been accumulating information on this particular issue since 2017 but look what it is in 2023. I don't want people to think, it's barely gone up, it still wouldn't cover it. In the Newark Housing and Market Studies and Program Studies Report, February 7th, 2023, there's a major find of the Rental Housing Needs Assessment Phase 1, so what year is that actually referencing and is that a current waiting list?

Planner Fortner: I'm sorry, what's the page?

Commissioner Stine: I'm sorry Mr. Fortner, it's page 13.

Planner Fortner: Ok, and it's on my slide presentation, it's 13…ok so you're looking at the, that's from the 2015 report, phase 1.

Commissioner Stine: Ok, is that still a waiting list of over 800 households and 500 households for section 8 with 97?

Planner Fortner: (inaudible)

Director Bensley: It's my understanding that the list has not gotten smaller.

Chair Hurd: Right.

Commissioner Stine: That's a lot of people. "Future housing demand is shaped by changing demographics with a growing need for smaller units and rental housing. Projected housing demand over the next 5 years in New Castle County…" ADUs are the answer. Why is Council so reluctant to discuss them? Is this a "not in my backyard" issue?

Chair Hurd: That was my understanding yes.

Commissioner Stine: So, the fear is what? That you'll put a one bedroom one bath studio in the backyard, and it'll be filled with students?

Chair Hurd: I'll go on the record here and just say one word at least one Council person used was "shantytowns" in their neighborhood, so yes, it's definitely a nimby kind of thing. And that was my high level, I didn't attend that presentation, but I did read up on it. So, I think there's an educational aspect that needs to be understood, and I think there's also, related to education an understanding of what's the impact that could happen from allowing ADUs and how to manage and regulate them appropriately. Because there is a concern that we can't go Wild West on it, but I don't think anything in the city is like that so, you know it's not clear to me why they think that would be different than any other building project or permit system in the city already. So, I was a little confused.

Director Bensley: I will say that ADUs were a specific item that was called out in the original federal government announcement about additional funding potentially for affordable housing. So again, carrot to make it more attractive.

Planner Fortner: So, what creates an ADU is a kitchen. So, you can create a master bedroom suite, which I've done for my mother-in-law, no kitchen just a bedroom. Attached to the house but separate, that's all that separates an ADU from a master bedroom.

Commissioner Stine: ADUs are the answer and easy to regulate I would think. Inclusionary zoning incentives from the Rental Housing Workgroup 2020. So, in 2006 Sussex County introduced the Sussex Rental Program, SRP and it provided developers with significant relief from the code if they would build projects that had a percentage of affordable housing. And since 2006 even with the significant incentives, not one developer has taken advantage of the program in Sussex County. So, they don't work, they do not work, and I think that's been demonstrated over and over again. What has been demonstrated to work over and over again are ADUs.

Planner Fortner: We are going to…I think there's some interesting ideas of going with an inclusionary zoning path, and how that ordinance will look we don't know. There are examples of ordinances that have not worked and examples that have worked and had benefits. And so, it would be a process of figuring out what to do and how do you make it to be incentivizing. So, are you suggesting a buyout provision or something?

Commissioner Stine: No, they would give them relief from the code, so they would give them an expedited process, more units, I mean Sussex has got a lot of teeth, but still not a single development has resulted from that since 2006. And they've been through this same exercise as well, where they research and keep updating and it just doesn't work. They also only have about 4% of their land designated or zoned for multifamily housing. So, they've got other issues too, but going back to, you just mentioned something about giving the developers incentives…I think what that would look like, I think we got a glimpse into what that would look like I think we got a glimpse into what that would look like. Wasn't that an agenda item at one-point last year that was then pulled?

Planner Fortner: Well during the charette, they recommended providing incentive for affordable housing with extra density. So that's usually a part of it, some sort of density bonus. It would allow them to build more units but then a portion of those density bonuses would go towards affordable units and to find that right combination would be actually incentivizing, that would be good to get a density bonus.

Commissioner Stine: It was a percentage below market rate, and even the percentage below market rate doesn't help the affordable housing crisis in Newark. Because if you look at market rates, and less 30% it's still unaffordable.

Planner Fortner: That would be part of the ordinance. So, a lot of times they're set at below 80% of the median or below 50% or below 30% we would have to create that in our ordinance, you would have to create housing affordable to people that make below a certain AMI, Area Median Income, whatever that is.

Commissioner Stine: Yeah, that's tough.

Commissioner Silverman: Michael, isn't that distorted by the presence of college students and the way data collected?

Planner Fortner: It's an area for New Castle County, so you know.

Commissioner Stine: Back in March 2017, well I think you've answered this. UD had stated publicly that there were no plans to change on campus dorm capacity. "Newark Housing Authority owns and operates 20 scattered site rental homes for eligible low-income households in addition they administer 97 housing choice vouchers. The current waiting list is 800 and for vouchers is 500". And you said those numbers you think are unchanged?

Planner Fortner: It's consistent, yes, it hasn't gotten any better.

Commissioner Stine: (inaudible) The median value of owner-occupied housing, again this might be a number, I don't want you to go back and revise or rewrite reports that are old but some of these numbers are so outdated that they jump off the page a little bit. I don't want Council thinking that the median value of an owner-occupied house is 275,800 dollars.

Planner Fortner: It should be in the context of comparing to other cities. But it's easy to get the new median income from the American Community Survey, the median house price. But again, these are just comparing to other communities.

Commissioner Stine: Right, but I would still want to. Because some of these communities may not have experienced the type of growth that we have.

Planner Fortner: Those are studies and snapshots of their time; I mean that's just the context it's in. In the Comp Plan we updated the comparison, we do that all the time.

Commissioner Stine: In the case study of, that number was 331,000 last year. The median sold, 331,000 so it is significantly higher. The case study of college towns; Iowa City, Iowa has what they call the Good Neighborhood Property Management Program. Area residents are encouraged to register concerns about problem properties including lack of snow removal, overgrown yards, storage of inoperable vehicles, illegal offroad parking, trash, lack of rental permit, overoccupancy, etcetera through an online service operated by the city's housing inspection services. Do we have an online service or an anonymous service or something where we can do the same?

Planner Fortner: For the city? I don't know if it's anonymous, but people report property maintenance issues all the time. Is that saying that the University has its own?

Commissioner Stine: Well, Iowa City has it.

Planner Fortner: Ok, that's something I don't think UD has.

Commissioner Stine: No, it's the city not the college.

Planner Fortner: I mean it's not anonymous I don't think but you can report it.

Commissioner Stine: And you can go online, I thought that was pretty cool.

Director Bensley: We do have our "report a concern" feature on our website where you can report online any issue with the city including property maintenance.

Commissioner Stine: And then these were just updates to the comparisons on the costs of homes, purchase, taxes, I have some notes there and I'm happy to shoot them over. In all of this I don't see enough reference to homeownership. I see a lot of plans to find affordable rental housing and not enough I think, to help people get into homes.

Planner Fortner: So, you'd like to bring back some of the homeownership programs or?

Commissioner Stine: Absolutely, and as a reminder, the state of Delaware has the highest transfer tax in the country, so when you buy or sell a home, it's 4%. 2% paid by the buyer and 2% paid by the seller. So very quickly whatever incentives you would give a buyer they pretty much get eaten up by the highest transfer tax in the country. So, there's legislation at the state level to roll back to the 2017 level which was only 3% but it's still split 50/50 between a buyer and a seller, it's still 1.5%. I would say that the biggest impediment to homeownership for lower income potential buyers is the transfer tax and there's no reference of that here.

Director Bensley: So, I'd also mention that the city does have an existing program for first time homebuyers who are purchasing a property that was formerly a rental, if they turn the permit over then the city does waive their portion of the transfer tax so that is something that we have in place now that folks can do to offset some of those costs.

Commissioner Stine: I thought that was, is that part of the POOH program?

Director Bensley: No this is something separate.

Planner Fortner: Yes, it's separate. We only do one or two of those a year and it is an obscure thing. But if you're a first-time homebuyer, you buy a house that was rental if you can prove its owner occupied then we waive the transfer tax.

Commissioner Stine: Your share of the tax which is a small percentage.

Planner Fortner: About a quarter of it, yeah, we give half of that.

Director Bensley: We get 1.5% so we would waive that 1.5%

Planner Fortner: No, we only waive the buyer's, they split it, so if it's 3%, that's what I remember it was 1.5 and 1.5 and then we waive our portion of the buyers which is about a quarter of that. And the County does waive it for all first-time homebuyers. Unless they got rid of it, but we could do something like that but it's a lot of money, and we rely a lot on that money.

Director Bensley: I will say though when you look at the breakdown of the transfer tax revenues for the city the vast, one it's a very volatile source of revenue and years that you see big numbers, that's when you have big sales, so when apartment buildings are selling or when major industrial properties are selling. The individual houses make up, it's a much larger number as to the number of transactions but it's a much smaller percentage of the overall revenue.

Commissioner Stine: But it's a huge expense for a first-time homebuyer because that's money out of pocket, that's cash to close which is already a challenge. That's all I had.

Chair Hurd: Thank you. Commissioner Williamson.

Commissioner Williamson: I've been listening, thank you. Some questions and kudos Mike for your being able to stand up this long and answer questions about what is likely the messiest public policy planning problem in the country. When you look at the size of the housing economy, the fact that the product itself is unique, can't be moved, single most important investment in most people's lives, and numerous governments have their fingers in the so-called markets. It's one of the messiest public policy areas, and it always has been, all the way back to Jefferson and his farms, which we still try to emulate. But aside from that, first question, this is perhaps to our esteemed legal professional. On the number of students in the 3- or 4-person rule, what's the legal background that justifies that? And I'm guessing it's public nuisance or something similar?

Solicitor Bilodeau: Right. I mean that whole ordinance was way before my time, but it was I believe the nuisance.

Commissioner Williamson: Health and safety code can have I think 10 to 15 people per unit, I mean it's a much larger number under health and safety just on the number of toilets and sinks and all that. So, it's a nuisance thing.

Solicitor Bilodeau: But there is a provision to get a waiver for that if you wanted to have more. You have to apply for it.

Commissioner Williamson: Alright. Next question, on the proposed exempt street, the proposed additional exempt streets. Do we have a sense of what percentage of those units are already student occupied?

Planner Fortner: Yeah, we did so you'll see maps in the Phase 2 report, and they were significant, so we thought it met the criteria but when that went to public hearing there was a lot of opposition to those, actually more from the surrounding neighborhoods more so than on the street. Yeah, so you can go on that street and actually see a live map of this month and you can see which houses have rentals and which don't and there's a map in there that we showed them shaded in, which were rentals, so it was a significant portion.

Commissioner Williamson: So, follow up to that, if there's this distance rule is that somehow not applying there now?

Planner Fortner: So, a lot these were already grandfathered in, so they already had that. But it's a very hard rule to enforce and regulate, that's another big component of it, the regulations of it.

Commissioner Williamson: Alright. Third question. If this is known by any of you. Are the students renting privately, in private apartments, are they renting on 9-month contracts or are they forced to sign 12-month contracts?

Planner Fortner: 12-month contracts in most instances.

Commissioner Williamson: We're already past that threshold in the market then. Ok. Alright so my, in general I, this is a question and caution, as you really move towards doing something, and we're constrained by what a local government can really do and do well, with all of its resources and all the legal issues and public support. With that in mind I just wonder whether this package so far, and I'm bringing this a newcomer which I freely admit, you know is maybe we're overfocused on the data you have and looking backwards. So, you have data on students, there's other data out there on everyone else and I don't see it. So, one of the big ones it the demographics of the city, and I just looked up the ACS data quickly this afternoon, noisy data because there's a big margin of error, but at least a third of all households are 60 years and older. And in the future looking forward, which is what we should be planning for, the future not trying to fix the past, it's already passed. Like the whole country, the baby boom, here we are, we will be checking out at some point, and the question is who's going to come in and take our units. Is it somebody else who's 60 and older? That's what I did, to the lady who lived in my house she was 90. So, in that case it was a turnover and nothing's changed or are some of these houses going to flip into families and younger people. And if I had my wishes, I'd like to see something about that as you go forward to paint a bigger picture of-

Planner Fortner: So, in the Comp Plan there is a part of that that does some analysis and it kind of copied what the state did but it broke it down to generational analysis, you know Gen X and Baby Boomers and their transition and the types of housing that they're looking for, but that's a very good point. And the Rental Housing Needs Assessment that and the state's version talk about the shifts in the types of housing that's in demand and in general both Millennials and Baby Boomers are looking for smaller downsizing homes rather than large lot single families.

Commissioner Williamson: So, walking that down to us from a higher-level analysis, it wasn't mean for us. And the other part of this if I had my druthers that I would at least want to read something that hopefully already exists is the rest of the economy in and around Newark, what's going on. And I'm thinking of a typical economic forecast report done by some economic gurus that you can buy or someone on campus does it. There's other employment, there's other growth, you know there's other things besides the campus. And just to be aware of what's affecting housing from those other sectors. So that's

Planner Fortner: So, the Rental Housing Needs Assessment, I'm sorry to say that but the state's housing needs assessment, they do that analysis now and that's being redone for, because it expired in 2020 so they're doing that right now. So, by the end of this year, and that's something that they do look at statewide, is the types of industries that we have. So, in the last one you know they saw the rise in the healthcare industry and the service industries and determined yes, smaller houses, rental housing, workforce housing, was greatly needed in Delaware.

Commissioner Williamson: I'm sure the real estate sector has plenty of information on who's buying.

Planner Fortner: Retirees of course in Delaware.

Commissioner Williamson: Yeah, that too. So, I just suggest painting a bigger picture rather than just the students, trying to walk it down and bring it up to date like Allison mentioned. So, moving on then, I do know something about ADUs and inclusionary zoning, I won't bore you with any of that. But I do want to, I think you all saw the one pager I sent around, the feds and the Planning Director mentioned that as well. There are fads in planning, there's national trends, the APA gets involved, and this zoning reform now seems to be the golden fleece of planning and reducing parking, mixed use, all good all good, and upping the densities right. And that's going to fall under the umbrella of zoning reform, and we're going to be encouraged to do that. And some of it makes sense to at least look at it, so that's a general increase in density which could apply not so much to the housing already built, but you know perhaps the golf course county club, you know a big project like that. Or downtown and we're doing a lot of that already. Accessory dwelling units, maybe the way to start it is gently, with only allowing ADUs within the four walls of your existing house. So, if you could convert your basement into an apartment or a second floor, you're not building something outside, nobody will see it, maybe there's one extra car. Just as a way to move a little bit forward on ADUs that's a suggestion. And the inclusionary, I've seen inclusionary, and I know this is a toxic term, with somewhat rent control and this is how it works. You don't reduce the rents and things as the product is finished, you just on certain number of units, you just don't allow rents to grow wild in the future. In other words, you pencil out your proforma, that's fine but maybe on 10% of the units, the rent can only go up by the CPI index instead of having a runaway rent which is a great windfall profit for the owner, but at least keep some of those units from running wild if there's some spikes in rent and things like that. So maybe that's a gentle way to have inclusionary, not so much on the current rents but trying to lessen dramatic future rent increases. And that way your proforma is based on market rates now and that's what you need to get your financing, and once you're in you've got your financing, your building's set, it just reduces a little bit of future rent if they're going up and you've still got, you know hopefully you haven't hurt that much. I'll stop there, that's just some comments, I'll stop there, it's just some comments.

Chair Hurd: Ok thank you, I just have a couple and then we'll be doing our public comment for those sticking around. I do generally agree with everyone's comments, especially when I think we're looking at data from 2013 and such. But I do also hear Director Bensley's concern about not wanting to spend all the time collecting data. I had a question on page 8 of tonight's presentation about rental permits, the one between 1983 and 2010. So, it sounds like you're implying this was tracking student rentals? Which is not something you could track in the current system because of how rental permits are identified?

Planner Fortner: They're just rental permits for single family houses and so this was the data they were collecting at the time, that's how they measured the success of the program of what we're doing, that we slowed that growth and even reduced it some. But it does not tell you who were in those houses or if they were converting from students to families for example.

Chair Hurd: Alright, so I would recommend at least updating the title to say "Rental Permits of Single-Family Homes" because of course every large apartment complex is going to have rental permits.

Planner Fortner: Ok, that's true.

Chair Hurd: So, if you're segregating out a certain portion of those permits to track then I think we want to make that clear to people. I don't know if this is something that we can do in the approval tables or something, but part of the challenge is when you look at the data and say "ok we approve 490 units this year" for instance like the ones at College Square. Those aren't even renting yet, and it's been about 3 years. So, to say we have 490 additional units is not entirely accurate because they're not actually in the market yet. Some are, but if there was a way to talk about approved versus constructed, because I think the constructed number is probably the more useful number to say we need 50 occupiable units every year to keep pace and what's that number been.

Planner Fortner: I tried to walk that back, and I tried to color code in here to make it clear. In general, I just try to look at the long game.

Chair Hurd: Right, and I'm not trying to add work necessarily here, but I'm trying to at least when you're talking about this maybe to Council and such it allows you to be a little more nuanced to say yes, we've approved a lot but at the moment our inventory isn't actually growing at the same rate that it appears because not all of those are permitted. Oh, this is probably more of a suggestion for you to think about, page 21, we're talking about the Delaware statewide Analysis of Impediments to Fair Housing Choice. And talking about land use and zoning laws and they note how we have some limited density units. Would it, and maybe you are, but one of the things that we had done in the BB zoning revision is we took out the density per acre and we just said "units as can fit into the building on the footprint allowed by the building" that might be something to think about here, to start to move that needle in a way that doesn't have us sitting down going well ok, maybe not 16 units per acre, maybe 18 or 20, you know we're not buying a car here. We're just saying if you have an RM zoned building on this much acreage and here's your setbacks and there's your height limit, there's the box and if you want to put you know tiny little one-bedroom units in there and get you know 25 of them and you can make all that work, go for it. As opposed to saying, because I think what we saw with BB as well was if you limited the number of units, you got bigger units, and so you got more expensive apartments and things. So, to say if I want to give the opportunity for a more varied housing product, I think we want to think about taking that section of code and rolling it into other sections when we're looking at it.

Oh, when we talk about, this is page 23, when we talk about a percentage of units being affordable inside a development, I have separate concerns then those expressed by the Commissioners, and one of them is the general concern that in a city with a large student population, therefore people looking for the least expensive housing, putting units on the market at a lower price. You know the challenges of the Fair Housing Act doesn't allow you to say "I'm not going to rent this unit to you because you're a student" that's my understanding, that you can't do that. So, there's no way to protect those lower cost units from the population that exists here looking for lower cost housing. And I think until we can figure out how to solve that we're always going to have that problem, if we say you know we've got a lot of units out there below market rate, great.

Planner Fortner: So, it's been solved at the Housing Authority level and the affordable units in Victoria Mews I mean there's an age, if you're under a certain age then your parent's income is included, so if your over, you know so that's why the Housing Authority doesn't rent to college students and Victoria Mews doesn't rent to college students because if you're under a certain age then your parental income is counted.

Chair Hurd: Ok, so there are ways to basically have an income threshold that's broader. Right ok, because that's one of my concerns and I'm not trying to say that all students are bad. But I'm just saying people who don't have a lot of money; that's students, that's minorities, that's other populations are going to look for the most effective way to get housing. And so, if there's opportunities out there at a lower cost they're going to be there. And it's going to continue to exclude people, and we're trying to broaden our housing demographics, it's going to be a challenge.

I didn't know, and I don't know what's being done elsewhere if something similar to a TID could be done for housing? In which you say, you're developing say 20 units and it's this much per unit that goes into a city fund to effectively mitigate the impact of the housing units by allowing us to do projects just like a TID, it's like we'll do a project over here and we're going to renovate this building and we're going to convert it into single room occupancy or something like that.

Planner Fortner: That would be an option for inclusionary zoning with the buyout and we could use that to do a land trust for property.

Chair Hurd: Right, but in my mind I sort of think of it like a TID that is to say we don't have projects large enough where you could get a significant portion of those units to make an impact on the housing stock, you know if they're building a 60 unit building and we take 10% that's 6 units, it's barely anything in our system, same for the traffic. To say, oh you've got a few more cars but not enough to trigger. But the money from those 60 units that the city collects could have a bigger impact. It could be about homeownership, it could be about conversions, you know about any of those other projects that we want to do. Alright that was all I had, so we're going to move to public comment, Katie did we just have the one still or did others arrive?

Ms. Dinsmore: No, we have several people present that would like to speak.

Chair Hurd: Ok, I meant the previously submitted comments.

Ms. Dinsmore: No, just the one.

Chair Hurd: Ok, can we read that one into the record then we'll move to the people attending the meeting.

Ms. Dinsmore: Sure. So, we received this a Ms. Hitchner in District 1, she wrote "The data seems out of date. Demographically, the number of college age students will start to decline fairly quickly in coming years. Newark needs to be focusing on other means of employment and affordable housing not related to the University" And she asked what does this mean, it's a quote from one of the documents, "Individual area zoned for garden apartments are relatively small, but well scattered across the city, mainly surrounding the University of Delaware campus, which is allowed to build all the housing it wants in UN zoning." She then continues, "There is quite enough student housing, thank you. Soon it will not be needed. Millennials cannot afford to have families because the rent for bigger apartments is too high (that's just one reason). The city is going to be left with a lot of vacant high-end and luxury student housing. We better be thinking now about how to turn it into affordable housing instead." And that's the end of her email.

Chair Hurd: Thank you, and I will begin public comments with anyone present who wishes to make public comment?

Ms. Dinsmore: Yes, first we have, and I apologize if I butcher anyone's last name, Mr. Chremos from District 2.

Chair Hurd: Good evening, and just a reminder, 5 minutes please.

Mr. Chremos: Yes of course. My name is Ioannis Chremos, I live in District 2 and I'm a student at the University of Delaware, but here today I'm not going to express any opinions under the hat of being from the University of Delaware. So, I'm an international student, I came here to Newark in 2018 and this is my 5th year as a graduate student, which I always think is important to remind ourselves, housing in Newark has been really difficult. Talking to colleagues, friends, and other graduate students, it's a very difficult experience where can you afford it, can you pay the next month's rent, and if not, you have to move away from Newark. And even though you have to commute every day, you're not being part of the community of Newark. So, under that kind of context, I would like to suggest to this committee to think about what the future of Newark the city and how we can take into consideration the graduate students. The University of Delaware, I believe, and this is just an opinion, will continue its efforts to bring in more graduate students to Newark and I think that's a good thing. You bring professionals, adults that study and work at the same time. And if the situation is right, they might stay in Newark and will bring their families and raise their families while working. The diversity of the graduate student population at the same time is really key here; international students, black students, Latino students, many students come here with their families, their kids will go to Newark schools. So, one thing that I didn't kind of realize from the presentation and the report is what does affordable housing for graduate students mean to this city, to this committee, and what kind of recommendations can you make based on the data you have seen so that the housing is affordable to the graduate students. And we're talking about people that are between 25 and 35, they just want to continue their graduate education, and they work, teach, do research, and so on.

And my last comments here are from a student perspective there is a housing crisis. If you come here to teach and do research, a minimum stipend which is 22K at the University of Delaware, you won't be able to afford it. You will have to get a car, and come from Maryland, Pennsylvania, New Jersey, and so on. Which creates problems with parking, creates problems with congestion. So, the last thing I will say is I really want to strongly encourage you to whatever recommendations you make to the Council, take into consideration the diversity of the graduate student population, the benefits to the city, and the difficulties that these students face. And yeah, thank you very much for your attention, and if you have any questions, I would be glad to answer them.

Chair Hurd: Alright thank you.

Ms. Dinsmore: Next is a Ms. Tompkins.

Ms. Tompkins: I really just want to introduce myself; I work with the Friendship House and the Newark Empowerment Center. We work a lot with the people who you're talking about, the affordable housing, the 30% required in order to be able to rent an apartment, they don't have it, they just don't have it. One of the main reasons I came tonight was to find out what the future of Victoria Mews was, because I had heard that they had been purchased. I looked up the company, they've purchased a lot of apartment complexes in the area, and I wasn't sure if they were going to continue with the section 8 housing or if they were going to switch to something else. That was my largest concern so very excited to hear that's not changing because that's a lot of people that would have been unhoused. I'm also still at the Hope Center, still trying to find housing for people that are there as well, so I would love to be a part of whatever you guys decide, if there's anything I can do to help.

Just to give you a grass roots perspective, I mean you guys are up here looking down, trying to figure out what's going on, and I'm down here looking up knowing what's going on. A lot of single moms, that can't afford anything and now they can't even afford groceries let alone rent or places to stay. So, I just wanted to introduce myself and thank you, this was very informative, to listen to.

Chair Hurd: Thank you.

Ms. Dinsmore: The last person is a Ms. Hughes. Oh, ok.

Chair Hurd: Ok, so who do we have online then? Oh, sorry is there anyone else present that wishes to speak that has not signed up? Ok, we'll move to online.

Ms. Dinsmore: The first person that had their hand up was Ms. Murphy, I'm going to enable her mic now just a moment.

Ms. Murphy: Hello. I work in the federal government in HHS, the Children's Bureau, and I came tonight to talk about the Foster Youth to Independence Voucher Program through HUD, it's available to youth exiting foster care ages 18 to 24 but I heard about some of the challenges in the vouchers that you're experiencing and I'm wondering what processes you have to work through those challenges with HUD and the public housing authorities.

Planner Fortner: I don't really know much about the foster care program, or the HUD program, I'm sorry I just don't have enough context.

Ms. Murphy: It's a voucher program that's very similar to the section 8 vouchers that you've been talking about tonight. And we've heard nationwide from youth that they've had trouble using the vouchers even if they can get them. And it sounds like it's an issue that's happening in Newark too because the voucher amount is not equal to or at the rate of the fair market housing and so I'm just wondering is there a process in place when there's such a gap of the value in the voucher and the current market rental rates, is there a process that the committee has to contact or work with the public housing authorities and HUD to sort of resolve the challenges you're talking about?

Director Bensley: So I would say, even though it's called the Newark Housing Authority unfortunately it's not part of the City of Newark, it's a state regulated agency so we unfortunately have not had much input or influence one way or the other as far as the federal housing voucher allowable levels, we are reaching out to stakeholders including the Newark Housing Authority to talk about some of the ideas as far as potential practical items that we could implement at the local level that would be helpful but we have not had specific discussions at this point in time about ways HUD may or may not be able to adjust the levels of the federal vouchers that are made available.

Ms. Murphy: I appreciate that thank you, I can certainly take the information back to them, I'm on a committee with HUD to talk about sort of the challenges that youth are experiencing what if and when they can get a voucher. Because you know getting a voucher is half the battle but then you have to be able to use the voucher. But I can take the information back I know that it's certainly been an issue discussed nationwide, but just wondering if you had any experience locally but it sounds like there isn't currently a process in place but thank you.

Chair Hurd: Thank you. And I'll just add that kind of stuff, that kind of gap financing is something that if we had a fund for affordable housing that's something that the city could maybe see itself may be doing, just to say ok here's the voucher here's the cost, we can fill that gap and now you can rent a place because now someone's not taking less for a unit, they're taking what they would get for the unit for people. Ok, thank you. Is it just Paul, he's the only? Alright, Representative Baumbach please. You have to unmute yourself Paul. Did you enable it?

Ms. Dinsmore: Yep.

Chair Hurd: Ok. There we go.

Representative Baumbach: You can hear me now, correct?

Chair Hurd: We can now, correct.

Representative Baumbach: Ok, I want to thank the Director and the Planning Commission for really digging into this not just now but for years now, it's truly, it's just great to live in a city where the city prioritizes this, and the challenges are great. We're a college town and affordable housing is just inherently much more challenging in a college town. I know both Director Bensley and others have pointed out that affordable housing is not something we can solve in the city because we're not an island. We make it affordable here then have a rush of people because it's not being outside of our city borders, so it truly is a state if not a national problem and the city can have a role that cannot take the responsibility on solving it purely on its shoulders. I'm pleased with the bad news; the bad news is that affordable housing is a gigantic problem, but I think we've hit a tipping point where enough people recognize it as the large-scale problem that it is. And that's helpful, when solutions require a consensus of elected officials and appointed officials pushed by the public. And I'm pleased that we're having, I think, very good discussions and very good sort of throw things up against a wall and see what sticks. I think it may have already been mentioned, Sussex does have that affordable housing fund that can be used for different things, it can be used for downpayment assistance, it can be used a multifamily complex that needs some refurbishment dollars, it can be used both on the purchase and rental side. Affordable housing is a zillion things and so I've been in discussion with the Housing Coalition and other folks to explore all the different ways that we can consider addressing this. We've got tens of millions of dollars in the governor's proposed budget for affordable housing, the first time we've had anything of that magnitude, of new dollars in that area. So, I'm glad that we're at the tipping point and I'm sad that we're at the tipping point but I think I'm going to focus on the positive. I think this Commission's work is indeed part of that positive. Thank you for being leaders because you have thrown out things that sometimes get pushback from City Council members understandably on some of the initiatives, but it doesn't stop you from saying here are best practices, here are the things we think should be considered, you know you guys have to do your process just like in Dover we have to do our process but you're raising the right questions, you're sharing the right insight, and I appreciate your leadership. Thank you.

Chair Hurd: Alright, thank you. I see Joe. Ok, Joe, we're allowing you to unmute.

Mr. Charma: Ok, good evening, the discussion has been great, I'm just wondering has the city looked into the Federal Community Redevelopment Act, loans, or grant monies that are available. There could be opportunities to partner with a developer that loan money could encourage a developer to develop low to moderate income rental properties or owner-occupied housing. I'm just wondering if the city has looked into any of that CRA money?

Director Bensley: So typically, CRA money, well I should say, Delaware tends to be a large recipient of CRA money just because we have so many banks that are headquartered here and that is the Community Reinvestment Act, which is the money that banks are required to put back into the communities they are headquartered in or that they work in. So, there are quite a few programs through those banks that they administer for loans, typically if you see a first-time homebuyer type loan program for mortgages with a bank that's where that money's coming from, it's CRA money. Fun fact, my first mortgage here in the City of Newark was funded by a CRA program. It also tends to work well for the folks who are getting the loans in that the banks want to keep those on their books that way they're getting credit for CRA as opposed to selling the mortgage to someone else and homeowners not knowing who's holding their mortgage at that particular time. So, to answer Mr. Charma's question, we have not specifically partnered with banks through the CRA program as a city, typically we would, it is my understanding that most CRA loan funds would be through the, it would be a connection between the developer and the bank the city wouldn't necessarily have a middleman role with that. But we're happy to look into it further to see if there are any additional opportunities that we could be taking advantage of.

Mr. Charma: Ok thank you. Maybe the city could encourage developers to partner with banks, I know developers are probably apprehensive and it was brought up earlier about having any portion of units in a building that are low to moderate income they don't like mixing apples to oranges if you will for lack of a better description. You know I think that maybe something could be done to encourage developers to do that. To do a single project and it being CRA money it's guaranteed money, so it's reducing the risk if you will. So maybe the city could encourage that in some fashion, but I appreciate your response thank you.

Chair Hurd: Thank you. Is there anyone else online that wishes to comment? Alright seeing none we're going to close public comment and bring this back. Anyone have any further comments or things that they want to leave in the department's ear as they go off? Commissioner Williamson?

Commissioner Williamson: Mr. Chair this is addressed for anyone who wants to try to answer. So, we talk about people struggling to pay rents and whatever but somehow the students are all somewhere. So, what do they do? Do they double up, are they you know, somehow, I don't see them camping in tents so they're somewhere so what happens? I mean they're going somewhere, and others too, I mean and maybe they're with organizations like yours seeking outside help for their housing I see some homeless people on some corners. It's not Los Angeles or some places like that. So sometimes I do wonder if sometimes the word "crisis" is overused. A crisis is a Hooverville from the 1920s, it's thousands of people living in tents, and soup lines. Today there somewhere, they're warm, they've probably got colored televisions, I don't know. So not to play that down, I mean no disrespect, but they're somewhere. And I don't have an answer.

Chair Hurd: I think our challenge really is it's hard to get a handle on student data or data centered around students. As noted in the presentation there are now laws that prevent the University from sharing some of the demographic data.

Commissioner Stine: I can speak to that anecdotally due to my work in real estate. So, the housing for the students is actually pretty affordable because we allow for nonrelated individuals in a home. So, if you have a 3-bedroom or 4-bedroom house in the City of Newark, you are renting it by the bedroom. So, each of those tenants are only paying about 850 dollars a month to any individual that's an affordable rent, but 850 times 4…

Chair Hurd: Is not affordable.

Commissioner Stine: Right, it's not affordable. So, as a homeowner that's what you would be collecting in rent you would be getting it per bedroom or per student up to 4 unrelated students in the house.

Chair Hurd: Yes, I neglected when we left public comment to extend the meeting to 9:30.

Commissioner Williamson: So, if I could follow up on that, in a sense this goes back to if you look at housing history and again it's a word, the tenement housing in New York in the 1890s where you had tremendous housing. But in those days, there was one bathroom for an entire floor of 10 to 15 families immigrant families from somewhere using one bathroom, no windows, no fire escape, that sort of thing. The beginning of the housing reform movement began in the 1890s in New York City and has been ongoing ever since. Nowadays those 3 bedrooms with 6 people, so let's say there's a house with 3 bedrooms and there's 6 students, it's probably a safe house in the terms of physical safety, they've got heat, it's working in a way, and each one of them individually, somehow, they find the money, I assume, or someone's parents are helping them.

Chair Hurd: Well.

Commissioner Williamson: Now it's not ideal and could be better, but it's just a question, it's just a question.

Commissioner Stine: I don't think there's an issue of affordable housing when it comes to the students, I think those are two completely separate issues. If I'm a parent sending my kid to the University and my housing expense is only 850 dollars a month, I think that's less than what I would pay to house my student in a dorm. And they'd have a kitchen and roommates and other things to help with expenses. So, I think that's actually a bit of a windfall for the parents to be able to spend 750 or 850 that seems to be the norm per bedroom per student. But to incentivize a developer to do anything less than that, how do you incentivize a developer to essentially commit financial suicide? When they can collect over 3,000 dollars per month 12 months out of the year from students who are only using them 9 months out of the year. How do you convince somebody that's good business?

Commissioner Williamson: But it is good business, let me just, one quick thought, this was what I sort of said earlier. Are we focusing too much on the students? And not so much the affordability per student, it's more the supply. So, that they don't have to drive in from Pennsylvania or Wilmington there's just a supply issue a better way to call it, and we're not focusing on the single moms who really shouldn't live 2 persons per bedroom in a 3-bedroom house but some of them probably are. So, is that the more, I don't want to say urgent problem, it's a different kind of problem and we're not talking too much about that.

Chair Hurd: Alright. So, I would say it's not that we're focusing on students and finding affordable housing for students, we're talking more about the impact that the student population has on housing affordability. That population that can afford 850 per bedroom in a house and such skews the market so basically, I would go, well I'm going to rent my house to that rather than 1,500 or vouchers or what have you. I was going to say I think the crisis that we're seeing is that the lack of affordable housing means that the people who would work in the restaurants and such on Main Street can't afford to live here. And therefore, there's probably a workforce crisis, there's probably, I mean from the city's perspective we're not getting some people to move here that we would like to see here. We'd like to see that sort of missing demographic, the 25- to 35-year-old young professional, hip, taking over the streets, Kennett Square's got a bunch of them. There's no place for them to live so they're not coming here. Now Wilmington is making spaces for them, they're in other places. I would say that if you're missing a demographic from your population, you're going to have a problem at some point. If you sort of say I've got students, then I've got a big sort of missing chunk, then I have families and retirees. It's hard to make a…

Commissioner Williamson: Well, that's not necessarily a bad thing. You're making a value judgement.

Chair Hurd: Yes.

Commissioner Williamson: And that's fine we do that all the time in terms of quality-of-life issue.

Chair Hurd: I guess I think about all the people I see who say "I want to see a Main Street that isn't all restaurants and isn't just catering to the students" you go well that Main Street's not going to shift until there's people living on and near Main Street who want something different, and we don't have that strong enough demographic to do that. But I think workforce is a crisis, the fact that no one can afford to work here and live here means they're work someplace else and live someplace else.

Commissioner Stine: Statistically what happens, if you talk about the average food service, they're making under 20,000 dollars a year. So, if you look at 30% of their income which is what we call rent burdened, they can't live here. Then you talk about the average retail worker that's making less than 30,000 dollars a year also with the price of our rents cannot afford to live here. So, the problem you have is if those folks go to seek more affordable housing they might find a cheaper rent in Wilmington, but the cost to travel to Newark may offset whatever savings and they'll choose not to work here. So, if you've become frustrated by poor service, shortened hours, you know the Rite Aid pharmacy closed on Sunday, they've got no help. If you think you're frustrated by that today, stand by.

Chair Hurd: Right.

Commissioner Williamson: Ok, that's a valid point, I hadn't thought of that one.

Commissioner Stine: Yeah, and that's not directed at you, I don't mean to be…

Chair Hurd: But it's the same for the graduate students, I mean the University caps their stipend or they start their stipend at food service wages it sounds like.

Commissioner Stine: It's like 2,000 a month, there's a graduate student across from me who was lucky enough to grab a house because someone's on sabbatical. And I think he's told me, he has 2,000 a month and he has a wife and two or three kids with him, on only 2,000 a month.

Chair Hurd: Yeah, I think that's another crisis.

Commissioner Williamson: Yeah, but that's a crisis of his own making in a way. He chose to come here with a family and kids without a lot of money. Why does the local public have to support that? I'm asking because someone will ask that.

Commissioner Stine: I think that if we allowed ADUs that would be a great magnet, for a graduate student like this young man that was here this evening. This one guy looking for something affordable it would be great in a basement apartment or a backyard dwelling.

Chair Hurd: Right. And it gets into the University's responsibility too, because I think that's a pittance to be spending on someone that they are likely getting more value out of. But the argument would probably be if "we raise our stipend then we have to raise our tuition" and then that skews a whole lot of other things.

Commissioner Williamson: College towns are unique. They tend to have a captured, low wage workforce, so how many of those restaurants downtown rely on student workers for example. Most of them do but you point out when they're not here the restaurant can't open. Alright, well that's certainly a negative side effect. For your example of a food service worker who's not a student, making 12 dollars an hour, maybe 15 is there a misrepresentation in a way because we assume they're going to live alone and try to afford a one or two bedroom on that income when in reality a spouse is probably working, they have roommates, you know they make it work because they're living somewhere even on that income. It's just, it's not, are we sort of saying "you're living somewhere on 17 dollars an hour, you're somehow surviving, we would rather you be in a better situation and we're willing to help you" see that's value rather than, see I'm trying to, and this is a tricky thing, I'm trying to differentiate if you can between an absolute need for shelter versus a want. We want them perhaps to have a better home, but they are in a place where their needs are met, they are in a building that is warm and has running water, and they're safe and so forth which is a lot better than most of the world. And that need is satisfied for almost everybody, not by the market as messy as it is and what we're really talking about are sort of value laden wants. And there's nothing wrong with that, I'm not criticizing that I'm just sort of trying to point it out. And when we talk about these sort of things, semantics kind of matter and it's ok to say we would want you to be in a better living situation and we're willing to help you, quality of life, there's all kinds of benefits that come with that, your children have a mother, a single school, kids have quiet areas to study, you know there's benefits to society as a whole to have a quality living environment. Your needs are met and there's additional benefits that society would like to see.

Commissioner Stine: I think we know that they're needs may be being met, but they're not being met in Newark. Which means we don't have a workforce so if you have two basic demographics which are students and retirees you have no workforce. So, one of the things you may want to consider is when we talk about affordable housing, maybe we talk about attainable housing. Because workforce housing and affordable housing, I think people sort of have in their mind what that means you know, affordable housing is "just section 8" and workforce housing is "just restaurant workers" but I think that attainable housing is a better definition maybe of what we're looking for.

Commissioner Kadar: I don't think we should overreach what we're trying to accomplish. I prefer to think of this as affordable housing is creating an opportunity but beyond that, I agree with you. We create the opportunity, people seize the opportunity, and it's up to them to make it work.

Commissioner Williamson: That's the supply side in a way. Well, this is supposed to be a discussion and not, I'm hoping it's comfortable, staff I mean. But I'll stop, I mean we could talk about this stuff for hours so.

Commissioner Stine: So, with the vouchers, so, I have in my business I meet a lot of people, and so in Newark as you can see by the list how many people are waiting, how few voucher homes are available for people with a voucher, Wilmington is the exact opposite. So Wilmington, has a lot of houses using a voucher and what I hear from some of the landlords there is that the voucher amount is more than adequate to cover their costs so maybe you go into Wilmington and you buy a row home for 80,000 and you make a small investment, and then you rent to someone using a section 8 voucher, you're getting more than market rate. I've had people tell me that even if there's a delta between what the voucher will cover and what the tenant is supposed to pay, they won't take the time to go into Wilmington, it's not worth the effort to go collect the delta because the delta is guaranteed rent that's more than the market value of the home. So, Newark is not going to get any of that workforce. Because you're not going to go into Wilmington to get a house then drive all the way to Newark to work for 17,000 dollars a year.

Commissioner Silverman: But Commissioner Stine, aren't we talking about houses that are 750 to 1,000 square feet? Two-bedroom houses front and back.

Commissioner Stine: Yes, but we claim that the steps we've taken that have encouraged people to build 4-bedroom homes is one of our issues.

Commissioner Silverman: Right.

Commissioner Stine: Right, we don't have the incentives for people and again why would they commit that kind of financial suicide to build a one-bedroom apartment when they could build a four-bedroom apartment and get over 3,000 dollars a month for it.

Chair Hurd: Director Bensley has something I think she'd like to add?

Director Bensley: I do. So, a couple of things. One when we started looking at bringing this forward again, and I won't speak for anyone else, I'm just going to speak for myself at this point. My goal in this is not that everyone in Newark should be able to live everywhere regardless of income level. It's that everyone in Newark should be able to live somewhere regardless of income level. Which is not what we have right now. There is a huge gap in our population by income level and you know we have, if you look at census data, if you look at ACS data, we have a relatively high average income compared to some areas in the state. But my question is how much of that is because our folks make more money versus how much of it is people who don't make that amount of money can't live here. So, that is the first thing. The second part of it, one of the reasons I'm really excited about the Newark Connect pilot that we're working on now is because I think it provides us with an opportunity to open more areas of our city to affordable housing by offering an affordable public transit option to anywhere in the city. So you can go anywhere in the city for 2 dollars at the most using this new system, then that is going to be less expensive then owning and maintaining a vehicle, it's going to be less expensive than paying for parking downtown for our workers who work down there, it's going to provide, for folks who are students it's a reduced rate and for folks who are seniors it's a reduced rate. And we at the city are looking at the potential for repurposing some of the Unicity dollars we're spending right now to help subsidize that cost for folks who are lower income who would have trouble affording it. So, I think that's an opportunity that you know I personally would like to see us leverage in this conversation, to be able to open up, where can we have affordable housing in the city and what opportunities does having a reliable public transit service at a low cost give us to develop that. I think the other thing that's been glossed over a little bit in this conversation is the fact that you know, yes the new units that are being built that are luxury apartments things like that are not affordable and not working toward our affordable housing goals necessarily for those particular units, however what they do, is that they shift students who may have been in some of the outlying neighborhoods or who may have been in some of the older multifamily rental buildings out of there and into the newer units which then frees up some units that may be more affordable for folks who are having trouble with some of those barriers of entry. So, to me it's not just about building new units specifically for attainable housing, it's also making sure that there's enough supply in the market to where rent prices start to come down. I've had conversations with developers who've said "well, you know maybe once we get one or two projects approved, we might be at the sweet spot with rental housing and if we build more rental housing then the prices might have to come down". Well, that's my goal is for the prices to start coming down, so I'm not saying that we're going to pave over and build over every square inch of Newark, but I am saying is that if you look at the state numbers, we are roughly 18,000 units short statewide of being able to have enough housing units to house everybody. Supply is part of the problem, and it is exacerbated by the fact when our population is expanding in Delaware, a lot of it is migration from other areas. Where folks have higher housing prices, they've sold that higher priced house and they're coming here and they're buying what for them is a lower priced house, but they're driving up housing costs in this market. So, you know I'm not arrogant enough to think that I'm this magical person who's going to crack this global issue of affordable housing and fix it for everyone. But I will say that myself and this department, and I believe you all are committed to making the efforts that we can, to make it better where we can. I've had this discussion with Representative Baumbach, particularly around his comments that Newark can't go it alone, there's got to be something we can do at a state level to make some of this better. And we've been working with state stakeholders, we're working with, both Mike and I are working with the Delaware State Housing Authority on their upcoming

Rental Needs Assessment update to you know make sure some of the unique characteristics of the Newark market are included in that consideration. Looking at ways in talking to the Newark Housing Authority they've hired a new partner for a project that they're working on with their East Main Street and George Reed Village project that they're hoping to get that up and moving again with the next round of the Tax Increment Financing in the spring to have their application with that. So, those are some units we're hoping for, I'm having discussions with some other folks in the community who have expressed an interest in developing affordable housing, and talking to them about what we can do at a local level to make it easier for you. Is it, you know, waiving permit fees? Is it, if you're doing an affordable housing project that is funded in part by Tax Increment Financing, you go to the front of the line in the review process, you know they say time's money, that cuts your time. You know there are things in our zoning code that are obstacles to you when you're trying to develop these things. You know is it looking at you know density and height and I've had the outreach from some Council members saying "maybe we should look at a height bonus if they're doing affordable housing in the downtown area, sorry Renee" and go back to what we looked at with BB and RA but I think there are things we can do to make this better and I think to just, I don't think we can credibly say that Newark is a welcoming community and a place for everybody if we don't have a place that everyone can afford to live. And that may be my soap box for the evening, but I'm committed to working, this is my top goal for 2023, in looking at our Council prioritization list, the Council members who have cited their priorities this is all of their top goals, so they have at least cited it as one of their top goals. So, I'm hopeful that we could see some movement on this issue this year. So, thank you.

Chair Hurd: Thank you, and I would concur to all that. Is there any objection to extending the meeting to finish the remainder of the agenda? Alright. Seeing none we are extended. So, are there any final thoughts before we close it and move on? Yes, Commissioner Williamson.

Commissioner Williamson: Thank you. I just need to not respond in a, what's the word, not at all being disrespectful to your comments. There's some history, if you go back to what is essentially a supply side policy. So, the 1967, so everyone's familiar with the Watts Riots of 1965 throughout the United States, and then there was the Kerner Commission under Johnson I think and one of the big findings of the Kerner Commission big nationwide studies was how minorities and poor people in the central cities had poor housing. And if they had better housing and quality neighborhoods, basically they'd be better citizens, you know that was the model. Housing leads to behavior and so forth. And that led to the housing act of 1968, I think. I used to teach the stuff and I'm really rusty, and in that was section I think 235 which was enormous funding for what we now call garden apartments. All over the suburbs, Prince George's County, inner Montgomery County, there were garden apartments everywhere, the three stories with the 6 units, two on each floor, walk up, outside parking. And that was a model that just blanketed the country. And the idea was that this would be the housing for the inner-city people to move into, and the inner cities would redevelop through the redevelopment agencies, and everything would be great. Well one of the things that happened was as those many units came on the markets in some markets and prices dropped for a while, demand increased because now roommates each wanted their own apartment and in fact it had, I remember reading, women who were beginning to feel empowered in the early days of the women's movement, they're living with an unhappy households, they got separated and they took their kids and they could afford to live alone. So the risk in the supply side is in a desirable community is that as you lower prices demand goes up because more people see you and say now I can live there and it's a circular thing, you can never build yourself out from a supply side policy in a desirable community, look at Sussex County and Rehoboth Beach, the County will build until it's paved over and there will still be demand and prices will still be high. And that's the risk, I don't have an answer for that, I don't think anybody does, I just put it out there as a caution from history.

Chair Hurd: Alright, thank you. Anything final? Does the department have enough comments and such? Alright closing item number 3 finally.

4. Informational Items

Chair Hurd: Moving to item number 4, informational items. And we have the Planning Director's report.

Director Bensley: Alright and I will try and make it quick and painless. So, since our last meeting, items that went and are going to Council, January 9th we had the TID presentation to them and feedback similar to what you all had at your January meeting, we also had the 2023 Planning Commission Work Plan presentation and the 2022 Planning Commission Annual Report. First readings, we had the three ordinances that you all heard in December, which were the BC district gas station changes, the downtown parking lot design requirement changes, and the subdivision fee increases. January 23rd

Council heard the 94 East Main Street, accessory use with impact for the new Hyatt Place hotel bar that's going to be in that, that was approved unanimously. We did have to postpone the special use permit application for 165 East Main Street for a restaurant with alcohol service they had changed both the name and concept of the restaurant before the hearing without notifying us so it was not properly advertised under the correct restaurant so we're waiting for updated application materials from them and then they will be rescheduled. We also at that meeting had the first readings for the 532 Old Barksdale Road plan which were both a Comp Plan amendment and a rezoning. So, coming up at the February 13th Council meeting, we have the second meeting for those three December ordinances so those will be heard this upcoming Monday. We also have a special use permit for 141 East Main Street for a commercial indoor recreation facility for an arcade/fun center in the old Performance Bicycle and the DelOne Credit Union spaces. And then we also have from 62 North Chapel Street, they have requested revised architectural renderings to be approved, they have asked to add balconies to the building as well as change the roofline that was approved so that will be on Monday's agenda. And then we are still working through some legal items with the Nuisance Abatement Plan application process, so we are requesting a 30-day extension from Council, to bring that to them as part of Monday night's agenda.

For the February 27th Council meeting we do have queued up the 532 Old Barksdale Road project, so that's Comp Plan amendment, major subdivision, rezoning, and special use permit for the apartments for that building. Other project statuses, so the Downtown Parking Strategy implementation, we've gotten through kind of the first phase that we planned out in our workplan, in looking at that so we're going to be going back and taking another review of the Parking Subcommittee recommendations and the Downtown Newark Parking plan to determine our next phase of implementation. Property maintenance code updates and the Nuisance Property Ordinance I mentioned that we're going to them with the 30-day extension that we are colloquially calling "the NAP" the Nuisance Abatement Plan, and if that extension is granted, we will be going to Council by mid-March. We also continue work on the 202 IPMC updates which to kind of circle back to an earlier part of tonight's conversation, part of that will be looking at revamping how we will be able to access rental properties for inspections so that is part of that project. Looking at the Rental Housing Workgroup recommendations, we're going to be scheduling something similar to what we did tonight with you guys, for Council in March so we'll be moving forward with that.

Energov, which is the new licensing, permitting, and development software that we are working on we've received updated quotes for that, our new Deputy Director is going to be spearheading that project for us, we have an updated demo scheduled for staff on February 14th and we are looking to bring both a demo and a contract to Council for approval this upcoming March. And then they are looking at based on their schedule, a mid to late summer date to begin implementation or working with us for implementation for that.

Newark Connect which I mentioned earlier, so we had a public survey both online and paper form out that closed this past Sunday, we had 183 responses between the two mediums so those results are being reviewed and will be presented as part of the public meetings that we're going to be holding for Newark Connect in the upcoming weeks. Those are scheduled for February 15th at 6:00 PM in the Council Chamber, February 21st at 2:00 PM in the Main Towers Community Room on Main Street, and February 21st at 6:00 PM in classrooms 1 and 2 at the Newark Senior Center so that's another opportunity for public input. We will be presenting as part of that the result of the online surveys so folks can get an idea on feedback, we have gotten for that.

Council prioritization, they have indicated, or I should say at Monday night's meeting we're going to be discussing Council's priorities for the 2023 year. They submitted their priorities to the city manager, there is a memo that is linked to the February 13th Council agenda if you want a preview. But out of 26 submitted priorities for 2023, 14 are related to Planning and Development not including the remaining priorities for 2022 so we're going to have another awesome year. Our next Planning Commission meeting is March 7th, items that we are anticipating being on there include the TID's final recommendation from you all, the TID committee is meeting on February 15th to review the comments that were in the January meetings from you all and Council, so they'll make their final recommendation hopefully on the 15th if that happens then it will come to you all on March 7th, and then go to Council by the end of March. Also, for March 7th we are hoping to have the project for 65 South Chapel Street to you guys for hearing at that meeting so that is a rezoning and major subdivision with site plan approval for 190 apartment units at that location. So, we are working with the applicant right now so they can get their final items that are in our SAC review that have to be done before Planning Commission so we can get that all squared away and ready for you guys.

Looking at plan reviews, items submitted since the last Planning Commission meeting include at 139 Grove Lane, we did get a special use permit application for a restaurant with alcohol service at the new First Watch that's going to be there. Existing project updates, 532 Old Barksdale Road like I said Council hearing on February 27th, 65 South Chapel Street looking at Planning Commission on March 7th, 1105 Elkton Road which is the parcel at the corner of Elkton Road and Otts Chapel they're looking to build a convenience store with gas pumps, that SAC letter was sent on January 24th, so that is with them for review. We had two administrative subdivisions that were approved and recorded for 44 Corbit Street and 29 West Park Place. So, submissions that are in the city's queue for review include 30 South Chapel Street, their first round submission for their new plan, and then 515 Capitol Trail which is their second submission for their plan, we're waiting on a response from the applicant for 244 Kells Avenue's administrative subdivision, 1025 and 1033 Barksdale Road, 1115 South College, 55 Benny Street, 249 East Main, 178, 182, and 186 South Main with 528 Old Barksdale Road, and 339, 341, and 349 East Main Street.

And then my only other comment is to extend a warm welcome to our new Deputy Director of Planning and Development, who if you can't tell how excited I am that she is here then you're not looking, so Jessy, welcome on board. Thank you.

Chair Hurd: Alright, thank you.

5. New Business

Chair Hurd: That takes us to item 5, new business which is any new items for discussion by city staff or Planning Commissioners that are not on the agenda. Anything on people's minds that they want to add to this plate that is already overflowing? Now's the time while there's still days before Council's actions…

6. General Public Comment

Chair Hurd: Alright that takes us to item 6, general public comment which is regarding items not on the agenda but related to the work of the Planning Commission. Katie has anything been submitted online prior to this meeting on that. No. Is there anyone online that wishes to make general public comment? Alright seeing none the item is closed and having reached the end of the agenda, the meeting is concluded thank you.

The meeting adjourned at 9:45 p.m.

Respectfully submitted,

Karl Kadar, Secretary

As transcribed by Katie Dinsmore

Planning and Development Department Administrative Professional I