

City of Dover



PROPOSED CITY OF DOVER ORDINANCE #2022-22

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

That Chapter 2 - Administration, Article V - Finance be amended by inserting the text indicated in bold, blue font and deleting the text indicated in red strikeout as follows:

Section 2-422 -Tax Increment Financing, Purpose, and Findings

- a) The City Council of the City of Dover has determined that a need exists within the city for improvements and reinvestment throughout the city. Such improvements will enhance the taxable base of the city, directly and indirectly, encourage the development and redevelopment of commercial and residential areas of the city, increase commercial activity, increase employment, and benefit the general health and welfare of residents; and
- b) The City Council on February 14, 2017, passed Resolution #2017-02 supporting changes to the Delaware Code to enable Dover and Kent County to utilize the provisions of the TIF and Special District code provisions; and
- c) 22 Delaware Code, Section 1703 provides "In addition to whatever other powers it may have, and notwithstanding any limitation by law, any municipality may borrow money by issuing and selling bonds, at any time and from time to time, for the purpose of financing the development of an industrial, commercial or residential area."; and
- d) Delaware Code was amended to authorize the City of Dover to use the provisions of 22 Delaware Code, Chapter 17, Municipal Tax Increment Financing Act, including specific Dover provisions in 22 Del. C, Section 1716; and
- e) Tax Increment Financing (TIF) is a financing method that allows the use of future tax revenues generated by economic development projects to help pay for the project; allows for the issuance of revenue bonds for such purposes, such bonds being tax-exempt and not a pledge of good faith or credit of the city; and by capturing the tax revenue increment between the original assessed value and the value resulting from the project; and
- f) Due to the condition, age, and design of buildings and infrastructure, configuration and size of parcels, competition from commercial activities throughout the city, and other factors, the costs and complexities of development, redevelopment, and reinvestment tend to limit investment; and
- g) Tax increment financing is frequently used by local governments to enable funding of certain development and infrastructure projects but the availability of alternative financing options for these projects might not occur otherwise.

Section 2-423 - Authorization to Consider Issuance of Tax Increment Financing (TIF) District Bonds

- a) Before issuing bonds under the Municipal Tax Increment Financing Act, the city must designate by Resolution, an area as a TIF District, obtain from the City Assessor an assessment of the original assessed value in the district, create a special fund for the purpose of receiving the tax revenue increment, and comply with all other provisions of the Municipal Tax Increment Financing Act.
- b) By enactment of this Ordinance the City Council indicates its intention to issue bonds, notes, or similar instruments in one or more series from time to time for projects and amounts to be determined in the future, prior to the bond offering, for the purposes set forth in the Resolution and as allowed under Municipal Tax Increment Financing Act.
- c) "Council shall have the power by Resolution to establish terms of the bonding and financial arrangement and enter a cooperating agreement with other taxing entities such as State, County, and school districts."

Section 2-424 - Effective date

This Ordinance shall be effective immediately upon final passage by the City Council of the City of Dover. Passed *.

Sec. 2-425. - Sale and disposition of real property.

- (a) *Authorized.* Except as otherwise provided and upon approval of the city council, the city manager is hereby authorized to sell or dispose of excess property.
- (b) *Determination of excess status.* The city manager, upon determining that a city owned parcel of land is excess in nature and that the disposal of such land would be beneficial to the City of Dover, will request, through the legislative, finance, and administration committee, that city council consider disposal of such land.
- (c) *Costs of conveyance.* Unless otherwise specified by the city council, all fees and costs, legal or otherwise, associated with the sale and conveyance of all excess lands shall be paid by the purchaser.
- (d) *Standard method of disposition.*
 - (1) The legislative, finance, and administration committee, upon receiving a request to dispose of excess real property, shall, prior to making a recommendation to city council, request all pertinent information including, but not limited to, the following:
 - a. Determination that subject parcel is not required by any other city department.
 - b. Written explanation of why subject parcel is now surplus.
 - c. Determination of whether a zoning change would enhance the sale value of subject parcel and recommend said change if warranted.
 - d. Determination if the parcel's exact location and size is known and, if not, recommend whether said parcel should be surveyed by the city prior to any sale attempts.

- (2) City council, after receiving a positive recommendation from the legislative, finance, and administration committee to dispose of a surplus parcel of land, shall, as part of its deliberations:
- a. Determine if disposal of the parcel is in the city's best interests.
 - b. Determine if disposal by sale, gift, or some other means would best serve the city's interests.
 - c. Determine if the city planner should be requested to initiate rezoning procedures.
 - d. Publicize the pertinent information concerning the surplus parcel and its availability for purchase to the general public at least once a week for two weeks in a local newspaper.
 - e. Make public, and a part of the record, all written correspondence received and, after the publicizing requirements of subsection (2)d. are met, hold a public hearing to receive any other citizen input.

- (3) City council, after voting to proceed with the sale of surplus land, shall determine:
- a. If an unbiased appraisal is needed to establish a minimum acceptable price.
 - b. Whether to sell the parcel by public auction or by sealed bid, and what the minimum acceptable offer will be.
 - c. The degree and scope of advertising, with a minimum of exposure being advertisement once a week for two weeks in a newspaper of general circulation within the county.
 - d. Whether the circumstances of and surrounding a particular sale may be such that the best interests of the city would be served by listing the property for sale with a licensed real estate agent.

- (4) City staff shall, with city council's direction:
- a. Arrange for advertisement of the sale.
 - b. Draft the sale bill setting out a description of the parcel to be sold, time, date, and place of sale or bid opening, the terms and conditions of sale, and the city's reservation of acceptance or rejection of any or all bids received at the time of sale or bid opening.
 - c. Order and distribute a sufficient number of sale bills for posting and distribution in the county courthouse, at the site, and in the general area of the parcel.
 - d. Obtain the services of a professional auctioneer if said sale is to be a public auction.
 - e. Conduct the sale and submit the results to city council.
 - f. Obtain the services of a licensed real estate agent if the sale is to be brokered.

- (5) City council, after confirming the sale, shall:
- a. Request the city solicitor to prepare a deed for execution and to arrange for final settlement with the purchaser, at which time the city will deliver the deed, the purchaser will pay all balances due, and the city solicitor will record said deed in the Recorder of Deeds Office for Kent County.

(e) Exceptions to standard method of disposition.

- (1) Exception A—Sale to an abutting owner. When, in the opinion of city council, a public sale would be detrimental to the lands of an abutter, and/or that a public sale would place the abutter at undue risk; or that the combination of abutter's land and city's land would be

substantially greater in value than that of the sum of the parcels considered individually, city council may direct the city assessor to have prepared one or more unbiased fee appraisals of the parcel. Thereafter, the subject land will be offered for sale to the said abutter at the appraisal price, plus the appraisal fees, plus the legal costs. In the event the offer is not accepted, a public sale may be ordered.

Examples of detrimental affect might be when the surplus city parcel lies between an abutting property and the street and development of the parcel would obstruct visibility of the abutter's property, or when the surplus parcel is zoned multi-family and abuts a single-family parcel.

(2) Exception B—Trade of lands. Trade of lands may be approved when it is shown beyond doubt that such a trade will be equal to or better than the lands to be traded either on a "square foot for square foot" measure and/or on a "dollar for dollar" measure.

(3) Exception C—Conveyance of odd shaped and/or unbuildable parcels. City acquisitions for roads, utility usages, etc. may, after such usage is accomplished, leave a small strip of land that is odd shaped and unbuildable. City council may approve the conveyance of this strip of land to an abutting property owner on request of said owner. The price for these lands shall be at the same cost basis as that paid by the city. If conveyance is made in excess of two years after the date of city acquisition, then the consideration shall either be based on a price established by an unbiased fee appraisal made on the basis of the value added to the abutting property by the acquisition of said lands, or on the city's cost basis for the parcel adjusted for inflation, whichever city council shall select. All fees, legal or otherwise, associated with the conveyance are to be paid by the purchaser.

(4) Exception D—Sale of small or irregular shaped lot to an abutting owner. If any excess parcel of land is too small or irregular in shape to be of any value to anyone other than an abutting owner, it may be sold to such owner at either its fee appraised fair market value, or at its fair market value as established by the city's assessment records, whichever city council shall select. The costs of the appraisal and all legal costs shall be paid by the owner requesting the conveyance.

(5) Exception E—Donation of land to non-profit organizations. If, in the opinion of city council, the donation of a parcel of excess land to a non-profit organization would be in the best interest of the city, council then reserves unto itself the right to make such donation.

(Code 1981, § 2-80; Ord. of 3-12-2001; Ord. No. 2017-02 , 2-13-2017)

Secs. 2-4236—2-500. - Reserved.

ADOPTED: *

S:\ClerksOffice\Ordinances\BLOCKS\Ordinance.wpd

SYNOPSIS

This Ordinance creates a new Section to implement the authority granted to the City of Dover pursuant

to 22 Delaware Code, Chapter 17, Municipal Tax Increment Financing Act. It renumbers the existing code as necessary.

(SPONSORS: ANDERSON, PILLSBURY, AND ROCHA)

Actions History:

November 15, 2022 - Introduced at the Legislative, Finance, and Administration Committee

DRAFT