

# Eyes on County Council

## February 4<sup>th</sup> and 11<sup>th</sup>, 2025 Council Sessions Summaries

The Eyes on County Council (EOCC) team were present at the first two meetings of February. The February 4<sup>th</sup> meeting was a normal style meeting with administrative work, Engineer reports, grant requests plus public hearings (conditional use and change of zone requests). The February 11<sup>th</sup> meeting contained two sessions with a presentation regarding affordable housing in the morning and the regular portion in the afternoon. ***Key takeaways were the positive steps by Council on tackling the affordable housing priority and setting next steps for the land use working group.***

### Meeting highlights

#### February 4<sup>th</sup> Meeting (Note – Gruenebaum and Rieley were absent):

- Two prominent public comments were made:
  - Jill Hicks (SPC president) thanked Council for their call to action regarding land use reforms and offered the full cooperation of SPC. With respect to their proposed working group, she asked Council to evaluate the causes that contributed to the current state in Sussex County – heavy traffic, lack of available healthcare, loss of forested land, poor quality of our waterways, etc. She suggested the idea of concurrency as a solution – for example, creating the infrastructure prior to development. She reminded Council that our environment is part of the infrastructure. Jill made a specific ask – for the initial applications for level 4 (rural) to start at Council versus P&Z.
  - Rich Borasso (speaking as citizen) commended Council for their current sense of urgency regarding land use reform. He cited a recent Cape Gazette article which detailed Council's commitment for a working group to investigate and provide recommendations. Rich suggested four areas of importance for this effort:
    1. What is the vision for growth (what will it look like),
    2. Check external factors (outdated rules, DelDot control of roads, sprawl),
    3. Define the scope and expectations, and
    4. The need of a plan beyond the working group.
- The Finance Director introduced an amendment in the tax code regarding Board of Assessment authority. This relates mainly to the Board's duties for the recent tax assessment. The matter is pertinent to the new tax rates and impact on residents. This matter will be reviewed at the February 25<sup>th</sup> meeting.
- The County Engineer discussed a proposed ordinance for a 30 year General Obligation Bond to fund a septic elimination/sewer collection program for Warwick Park community in Millsboro. Approximate \$10 million bond through DNREC will complete Phase II. This will provide county central sewer and help improve Indian River Bay water quality. \$5.5 million of principal will be forgiven at completion and balance will be amortized over 30 years at 2%.
- The Project Engineer discussed county sewer proposal for the Love Creek Manufactured Home Community. Council voted 3-0 to annex them into county sewer system. This will changeover approximately 200 units from septic – contributing to reduced pollution of the Love Creek area. Residents appeared mainly in favor of the change.
- Other items in the Public Hearings section were a variety of conditional use requests (cemetery, outdoor storage and mini-storage facility) and a zoning change. Cemetery and outdoor storage were passed 3-0, mini-storage request was deferred.

## **February 11<sup>th</sup> Morning Session - Affordable and Workforce Housing:**

- The Chief Strategy Officer of Delaware State Housing Authority (DSHA), Caitlin DelCollo, presented Affordable Housing 101.
  - Key takeaway is Sussex County has a lack of diverse housing types with a large percentage of single family detached homes (nearly 70%).
  - Affordable Housing is defined as costing less than or equal to 30% of the household gross budget per HUD housing costs – not just low income/section 8 housing.
  - Workforce housing is classed as affordable to people who make less than 100% of the average monthly income (AMI) in a market.
  - Commuting times of greater than 30 minutes increase employee attrition.
  - The predominance of single family homes limits housing opportunities for lower income households which contributes to racial home ownership gap, sprawl and homelessness.
  - Best practices to consider: zoning for smaller lots/homes, reduce lot widths and size for residential dwellings, manufactured homes, multi-family homes and incentives to develop diverse housing types.
  - Sussex has severe gap in available units for low income households. Plus, home ownership is skewed by race – whites 81% blacks 51%.
  - Details:
    - Developers get an IRS low-income tax credit (LITC) for units priced to be affordable to less than 60% of AMI.
    - There is no state funding for municipal infrastructure.
    - 80% of single-family homes (SFH) on the market are affordable for less than or equal to 120% of AMI.
    - **Rieley**: need to bias in favor of manufactured home developers by controlling the rent justification required of them.
    - **Mears**: need to address the stigma of multi-family housing.
    - Zoning that specifies SFH as by-right (i.e., development may proceed under a zoning ordinance or by-law without the need for a special permit or approvals), influences density.
    - Rieley: changing 2 unit/acre zoning would be a taking.
- Council President Hudson described one barrier to affordable housing was the NIMBY (not in my backyard) effect. How do we break that stigma? This feeling was described by several officials – no solutions.
- Rachel Stucker of Housing Alliance Delaware provided additional information of rent costs, homelessness and other opportunities.
  - From 2020 to 2024 fair market rent (market average) in Sussex increased by 47%! Delaware is not an outlier in this.
  - Average 2 bedroom rental \$1,398 per month. Need a \$63,742 annual income to afford rent! Contributes to homelessness.
  - From 2020 to 2024 homelessness in Delaware increased 16%.
  - Other reforms include use of Accessory Dwelling Units (ADUs). They are smaller housing units that share the lot of a larger, primary home. They can be tiny homes, garage conversions, or other independent living spaces separate from the main property.
  - Council member comments:
    - **Mears**: what happen to the current housing stock when the Baby Boomers die?

- **Rieley**: build quality housing; people will buy it because people will always want to move to the beach.
- **Lloyd**: enumerate the inventory of buildable L1 – L3 land.
- **Rieley**: don't pick market winners and losers via re-zoning.
- **Gruenebaum**: mass transit is needed in development areas.
  - **DelCollo**: chicken-and-egg problem: DART won't place routes until housing is in place.
- **Brandy Nauman** (director of Sussex County's Community Development Housing department): the Sussex County rental program is targeted according to Comp Plan growth area delineations.
- Mike Riemann, President of Homebuilders Association of Delaware, presented economics of building – creates employment and other benefits. However, current regulations add burdensome fees/carrying costs.
  - Agrees need more diverse housing options.
  - Approval process too long.
  - Zoning codes inhibit land zoned for high density housing for middle and low income.
  - Suggestions: reduce minimum lot sizes, incentives to protect environment, duplex units in AR-1, multi-family in commercial districts, increase maximum heights, work with DelDot to create countywide TID/impact fee.
  - Details:
    - SFH construction creates \$1.6b in income for Delaware.
    - We are now building at the same rate as 30 yrs ago; were building at 2x before 2008 – housing shortage? Build more homes.
    - Don't manage the market; build houses across the price spectrum.
    - There was a \$93K cost per home to satisfy regulatory requirements from 2016-2021; \$65K in 2011.
    - There is a time cost from project inception to home sale: interest while the developer holds the land.
      - Shorten the process by increasing by right (i.e., fewer regulations).
    - Supply and demand always wins: create more supply.
    - There is a 7% nationwide profit margin, charged as part of the materials component of the home price.
    - The incremental traffic add of a development may trigger DelDOT thresholds requiring road improvements. That development may be expected to bear all the costs, but previous developments also contributed to the traffic load.
      - Implement a state-wide or county-wide TID, where all homes include a traffic impact fee in their price.
    - **Rieley**: impact fees add to home costs, prices families out of market.
    - **DelCollo**: developers will take the path of least resistance: by-right means no need for hearings and C/Us.
- Conclusion – Council and P&Z were engaged and learnings can be useful in land reform workgroup process. Collaboration with state agencies was also a positive sign.

### **February 11<sup>th</sup> Regular Session:**

- Public Comments:
  - Alison White (EOCC member) spoke in regard to the land reform efforts of Council. She cautioned Council on in-fill development in Levels 1 and 2 as efforts to increase density. She warned there are “practical limits” to how much development the coastal zone can absorb, need to have checks on environmental impact.

- An individual informed Council of lawsuit brought upon him by the County with regard to having chickens on his property (large parcel in semi-rural area). Feels he is being improperly targeted. No actions taken at this meeting.
- **Todd Lawson introduced to Council a draft of the potential framework of a land reform working group.** This was promised at the January 25<sup>th</sup> meeting. Lawson reviewed the document which outlined the group's goals, deliverables and timeline. He also spoke to the composition of the group and some rules of engagement. The group would follow guidelines of similar public groups – public forums including livestreams.
  - Council made brief comments but all seemed on board with the draft proposal. Grunebaum suggested the group focus on one deliverable at a time to achieve some goals on a faster timeline. Hudson felt the timeline (one year) was the outer limits and they should work to accelerate where possible.
  - We have attached the letter from Lawson to Council dated February 7 which includes all this information.
  - Suggested members of the group include representatives from advocacy organizations (SPC, CIB, Nature Conservancy, Affordable Housing), state government (DelDot, Office of State Planning Coordination) and business (Homebuilders Association, Engineers, Developer, Realtors)
  - **Council committed to vote on the plan at the next meeting in two weeks, February 25<sup>th</sup>** (no meeting February 18).
- Various administrative topics were covered. Jamie Whitehouse, Director of Planning and Zoning, notified Council of the start of the DelDot 2027-2030 Capital Transportation Program. Counties submit proposals to DelDot for acceptance into the planning. Sussex County was successful in the last program securing six of thirteen approved for the state. These are major projects – overpass, major interchanges, etc. The public is encouraged to submit ideas for major, strategic proposals to the County. The instructions and form will be available on the county website and submissions are due by March 24.
- Project Engineer presented proposal for a significant Utilities relocation along the Kings Highway area. This was caused by the road expansion project. DelDot will fund this event.
- Public Hearing for a conditional use was heard. H&K Group (civil engineers) was asking for approval to construct a borrow pit (excavate dirt for minerals, sand, etc.) on a 309 acre parcel in the Laurel area. P&Z had two votes on this request – the first approved 3-2 and the second denied by a 2-2 vote (one member absent). This pushed the matter to Council. Following several speakers in opposition, Council voted 5-0 to defer for three weeks. Public commentary included:
  - Willis Kirk, who owns land adjacent to the subject property speaking in opposition, made several key points:
    - the parcel in question is forested and is part of a larger forest, some of which are old hardwoods. The larger, aggregate forest is the largest piece of forested land between Georgetown and Laurel
    - there would be significant wildlife habitat destruction
    - damage to the aquifer is a concern, since the operation removes all of the soil above the water table in order to expose the water table itself
    - the farmers with adjacent properties all have multiple wells for irrigation – there are concerns about the effect on their wells
    - the pits will be deeper than other borrow pits that have been constructed in Sussex County

- the purpose of the operation is to extract sand, which will then be exported, not used in Sussex County
- what happens when the operation is over, and what is basically something like a mining site is left there?

Council member comments and questions included:

- **Mr. Lloyd** asked Mr. Kirk whether there was animal husbandry on his land that adjoins the proposed borrow pit site. **Mr. Kirk**: Yes, Angus cows.
- **Ms. Gruenebaum** asked the **lawyer for H&K** whether the operation would affect the aquifer, since the aquifer would be exposed. She pointed out that the project proposes cutting down the forest for a project that may or may not affect the water table. The **H&K lawyer** responded that this parcel of land is already serving as an extraction site, because the trees are periodically cut down and the timber is sold. So the borrow pit would just be substituting one type of extraction for another. **Ms. Gruenebaum** responded that using trees for lumber is not the same type of extraction industry as a borrow pit, since trees provide benefits such as flood control and wildlife habitat, and that this current use of using trees for lumber is renewable and a borrow pit is not.
- **Mr. Rieley** commented that once the Millsboro bypass is finished, Shiloh Church Road will be much more heavily used as a route to Laurel and Salisbury. Shiloh Church Road is not built to handle heavy truck traffic, so the road will be damaged.
- **Mr. McCarron** noted that a borrow pit and logging are both industries that bring money to Sussex County, an economic issue the Council is concerned about. The main concern is traffic. Once the Millsboro bypass is finished, traffic from Mount Air to Salisbury that uses Shiloh Church Road will increase. There will be slow-moving trucks pulling out onto a road where the speed limit is 50 mph, and there are no acceleration/deceleration lanes. There have already been accidents on that road; concern about people getting killed.