

CHAPTER 16 – EXEMPTIONS FROM TAXATION**ARTICLE 1 – GENERAL PROVISIONS**

[Amended on 05/22/2012 by Ordinance #2012-01]

§16.1.1 Definitions.

The following definitions shall be applicable when used in this Chapter unless the content clearly indicates otherwise:

Family – Husband and Wife or partners in a civil union.

Income - All income from whatever source derived including, but not limited to, realized capital gains and, in their entirety, pension, annuity, individual retirement accounts, dividends, interest, wages or salaries, rentals, sale of property and farm income received during the pretax year immediately preceding the tax year.

Pretax Year - The calendar year immediately preceding the “tax year”.

Resident property owner - One legally domiciled within the City of Seaford and owning real property in The City of Seaford on June 30th of the pretax year. To qualify for tax exemption the owner must have resided in and owned real property in The City of Seaford for at least ten (10) years immediately preceding the current tax year. Mere seasonal or temporary residence within the City of Seaford shall not constitute domicile within the City of Seaford for the purposes of the Ordinance. Absence from the City of Seaford for a period of twelve (12) months shall be prima facie evidence of abandonment of domicile within the corporate limits of the City of Seaford. The burden of establishing legal domicile within the City of Seaford shall be on the claimant.

Subdivision of lands with farm exemption or non-profit recreation - The division of a lot, tract or parcel of land greater than five (5) acres within the corporate limits of the City of Seaford into two or more lots, sites or other divisions of land for the purpose, whether immediate or future, of sale or building development, and which involves a proposed new street or road or the extension of an existing street or road.

Tax year - The calendar year in which the property tax is due and payable.

§16.1.2 through §16.1.99 RESERVED

ARTICLE 2 – SENIOR EXEMPTION

[Amended on 05/22/2012 by Ordinance #2012-01]

§16.2.1 Qualifications and amount of exemption.

Every person who shall be a resident property owner of the City of Seaford for ten (10) years and who has reached his/her 65th birth date and has an income not in excess of nine thousand dollars (\$9,000) per year or, if married or partners in a civil union, an aggregate income for husband and wife or partners not in excess of thirteen thousand dollars (\$13,000) per year and shall reside in a dwelling owned by him or her which is a constituent part of his real property shall be entitled, upon proper claim being made therefore, to exemption from taxation on such real estate to an assessed valuation not exceeding the average value of all single family residential properties or as set by Council.

Every person who shall be a resident property owner of the City of Seaford for ten (10) years and who has reached his/her 85th birth date and has an income not in excess of nine thousand dollars (\$9,000) per year or, if married or partners in a civil union, an aggregate income for husband and wife or partners not in excess of thirteen thousand dollars (\$13,000) per year and shall reside in a dwelling owned by him or her which is a constituent part of his real property shall be entitled, upon proper claim being made therefore, to full exemption from taxation.

§16.2.1 Application.

- A. No exemption from taxation on the valuation of real property as provided herein shall be allowed except on written application there for which application shall be on a form prescribed by the City Manager of the City of Seaford and provided for the use of claimants hereunder by the City Council of the City of Seaford.
- B. The City Manager may at any time inquire into the right of the claimant to an exemption hereunder.

§16.2.3 Time for filing.

- A. An application for exemption hereunder shall be filed each year with the City Manager of the City of Seaford on or before May 31st of the pretax year.
- B. Upon approval of the application the City Manager shall allow an exemption of taxation against the assessed valuation of the real property assessed to the claimant in the amount approved by Council.

§16.2.4 Contents of application.

- A. Application for such exemption must be made by the property owner on forms furnished by the City of Seaford. Every application shall establish that the claimant was, on April 30th of the pretax year:
 - 1. A resident property owner for the period required;
 - 2. of the age of sixty five (65) or more years;
 - 3. The owner of a dwelling house which is a constituent part of the real property for which such exemption is claimed;

4. Residing in said dwelling house.
5. The claimant shall also establish that his/her income for the yearly period as provided by this Chapter did not exceed nine thousand dollars (\$9,000) or, if married or partners in a civil union, that the yearly income did not exceed thirteen thousand dollars (\$13,000) and provide a completed IRS Form 4506-T for purposes of verification.

§16.2.5 Tenants in common and joint tenants.

- A. Where title to property on which an exemption is claimed is held by the claimant and another or others, either as tenants in common or joint tenants, the claimant's interest, for the purposes of this Ordinance, shall be deemed to be the entire interest in said property.
- B. Nothing herein contained shall preclude more than one tenant, whether title be held in common or joint tenancy, from claiming exemption against the property so held, but no more than the equivalent of one full exemption in regard to such property shall be allowed in any year, and in any case in which the claimants cannot agree to the apportionment thereof, the exemption shall be apportioned between or among them in proportion to their interest. Property held by husband and wife or by partners in a civil union as tenants by the entirety shall be deemed wholly owned by each tenant, but not more than one exemption in regard to such property shall be allowed in any year.
- C. The right to claim an exemption hereunder shall extend to property the title to which is held by a partnership to the extent of the claimant's interest as a partner therein, and by a guardian, trustee, committee, conservator, or other fiduciary for any person who would otherwise be entitled to claim exemption hereunder, but not to property the title to which is held by a corporation.

§16.2.6 Rules and Regulations.

The City Manager may promulgate such rules and regulations and prescribe such forms as he shall deem necessary to implement this Ordinance. He may, in his discretion, eliminate the necessity of a sworn application, in which event all declarations by the claimant shall be considered as made under oath and the claimants, as to false declarations, shall be subject to such penalties as are provided by law for perjury.

§16.2.7 Appeals.

An aggrieved taxpayer may appeal from the disposition of an exemption claim under this Ordinance in the same manner as is provided for appeals from assessment generally.

§16.2.8 through §16.2.99 RESERVED

ARTICLE 3 – REINVESTMENT INCENTIVE

[Amended on 05/22/2012 by Ordinance #2012-01]

§16.3.1 Purpose.

In an effort to aid in economic development and reinvestment within the City of Seaford, an incentive, as described below, may be provided to qualifying projects.

§16.3.2 Qualifying Projects.

A qualifying project is one that:

- A. Involves an existing building within the Seaford City limits or a proposed building within one of the designated Employment Centers;
- B. Demonstrates substantial improvements to be made that will increase the appraised value of the property by fifty percent (50%) or more or will create substantial employment opportunities for residents of the greater Seaford area or results in a significant investment in property, plant and/or equipment in an Employment Center;
- C. Has been recommended by the Economic Development Committee and approved by the Seaford City Council;
- D. Organizations with non-profit status do not qualify for any abatement provisions of this ordinance as outlined in §16.3.3. Recipients must remain for-profit or they must remit the portion of funds not repaid or the City may establish a lien against the property;
- E. The property owner must be in good standing with all City accounts at a zero balance within terms in order to receive any incentive.

§16.3.3 Amount of Incentive.

- A. The difference between the taxes based on the City assessment before and after the improvements will be multiplied by ten (10) (based on a ten year abatement period) to determine a pro-rated amount to be distributed to the property owner(s) within one year of the issuance of Certificate of Occupancy from the City of Seaford's Building Official.
- B. In cases of employment creation incentives and investment in plant, property and equipment incentives the Economic Development Committee shall recommend an incentive amount to City Council.

§16.3.4 Requirements.

- A. In order to be considered for incentive benefits, the owner(s) of the property must:
 - 1. Submit the Reinvestment Incentive Application;
 - 2. Complete the project within one year of issuance of the City building permit.
- B. An agreement outlining the terms and uses of the incentive must be formed between the property owner(s) and the City of Seaford before funds are disbursed.

- C. An account of where the money has been spent shall be submitted to determine that the expenses are permitted uses.
 - 1. Permitted uses include real improvements and building and/or equipment costs.
- D. By accepting the terms of this incentive, the property owner(s) agree to waive their right to appeal the taxes until the City of Seaford has fully recovered the tax incentive advance. If the property is sold before the advance is recovered, the new property owner(s) may not appeal the taxes until such time that the advance has been recovered by the City of Seaford.
- E. In cases of employment creation incentives and investment in plant, property and equipment incentives the recipient shall agree to maintain the level of employment or investment for the period of time specified in the aforementioned agreement.

§16.3.5 through §16.3.99 RESERVED

ARTICLE 4 – RENTAL TO HOME OWNERSHIP INCENTIVE

[Amended on 09/12/2017 by Ordinance #2017-05]

[Amended on 03/23/2019 by Ordinance #2019-01]

[Amended on 03/07/2020 by Ordinance #2020-01]

§16.4.1 Purpose.

In an effort to aid in home ownership within the City of Seaford and the conversion of residential rental properties to owner occupied housing, an incentive, as described below, may be provided to qualifying properties.

§16.4.2 Qualifying Properties.

A qualifying property is one that:

- A. Involves an existing building used as a single-family residence within the Seaford City limits;
- B. The residence was used exclusively as a rental property for a minimum of three years immediately prior to conversion to an owner-occupied property;
- C. The new owner must occupy the property within one year of the date of purchase;
- D. Organizations with non-profit status do not qualify for the provisions of this ordinance;
- E. The property owner must be in good standing with all City accounts at a zero balance within terms in order to receive any incentive.
- F. Upon application to the City of Seaford Office of Economic Development, along with any supporting documentation, the City Manager or designee is authorized to award the Rental to Homeownership incentive.

§16.4.3 Amount of Incentive.

- G. For the Buyer: The City will abate the City property tax charge for a qualifying property for five years after occupancy by the property owner. The City will graduate the City property tax charge for a five-year period i.e. (year 1= No Property Tax Charge; Year 2 = 20% of the tax assessment) until year six; when the property will be charged the full property tax assessment in effect at such time. The tax incentive is non-transferable.
- H. For the Seller: The City will provide an incentive equal to five times the full property tax charge in effect at the time of transfer to a qualifying property owner. The City will disburse the Seller incentive once the qualifying buyer occupies the property.

§16.4.4 Requirements.

- I. In order to be considered for incentive benefits, the owner(s) of the property must:
 - 1. Submit an Incentive Application;

- J. An agreement outlining the terms and uses of the incentive must be formed between the property owner(s), the seller and the City of Seaford before funds are distributed to the seller or property taxes are reduced for the buyer.

§16.4.4 through §16.4.99 RESERVED

ARTICLE 5 – SUBDIVISION EXEMPTION

[Amended on 05/22/2012 by Ordinance #2012-01]

§16.5.1 Applicability.

This article shall apply to any subdivided lands of greater than five (5) acres located within the corporate limits of the City of Seaford which shall receive approval by the City subsequent to the date of enactment of this article provided they are actively farmed or leased to a non-profit recreational program.

§16.5.2 Application for exemption.

- A. Following final approval of a subdivision by the City of Seaford for parcels greater than five acres that are used for farming or non-profit recreational purposes, a subdivision owner may make application to the City Manager of the City of Seaford for a subdivision assessment exemption with respect to municipal taxation.
- B. A subdivision owner may designate which lots within a subdivision are not to be offered for sale.
- C. The owner must submit the leases for farming, non-profit recreation, or sign an affidavit when owner is farming the lands upon application and annually thereafter.
- D. The first five acres of a parcel are taxed in accordance with the zoning designation and the other land remains exempt until such time as the designation changes.

§16.5.3 Individual lot assessment.

- A. Notwithstanding the provision of §16.4.2 herein, individual lots within a subdivision will be assessed on an individual lot basis under any of the following circumstances:
 1. A permit is issued by the City for road or utility construction with respect to those lots.
 2. The City approved phasing plan shall be followed and all lots in a phase shall be subject to taxation upon permit issuance for that phase.
 3. Those lots are offered for sale or have been sold on an individual lot basis.

§16.5.3 Termination of individual lot assessment.

If owner fails to retain his subdivision approval then the City of Seaford shall delete the subdivision from its records and notify Sussex County to also delete the recorded subdivision from their property records.

§16.5.4 Special fee.

A property in excess of five acres with the farming or non-profit recreational exemption which has been subdivided and recorded will be subject to the one-time re-assessment fee in the year it occurs or the annual maintenance of assessment fee for each subdivided parcel.

§16.5.5 through §16.5.99 RESERVED

END OF CHAPTER