

State development industry picking up, changing

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More signs of Delaware's still-modest economic recovery surfaced in a state land use oversight program this week, with officials noting an uptick in development projects slated for public review.

Proposals include a revised, 641-unit phase of of Middletown's huge Westtown master plan venture, as well as a 120-unit apartment cluster at the edge of the Delaware River opposite New Castle's Washington and West Seventh Street intersection and conversion of a 153-unit townhome project near Seaford into a 324-unit apartment complex.

"I think it shows that the economy is coming back. We're getting more applications in," said state Planning Director Constance Holland. "Some of them are amendments to comprehensive plans for annexation, or just an update, but we do see a lot of projects being looked at again for possible redesigns based on the market."

Comprehensive plan updates are up for state Preliminary Land Use Service discussion Wednesday for Newark, Smyrna and Georgetown, Holland said. The plans show that state municipalities are preparing for both growth and change. Commercial projects and re-zonings also are stirring.

Middletown Town Manager Morris Deputy said a new developer has scaled back earlier plans for a residential portion of Westtown at Levels and St. Annes Church Road. The Maryland-based builder now plans 641 single-family homes, rather than an earlier plan for a larger numbers of units and a mix of apartments and townhomes.

"This will be good for us. We haven't had actual new construction, where they're putting in roads, for a while," Deputy said. "From what we were told, the bonding got tough for the builders and the banks."

Deputy said stalled multifamily projects also "are kicking up. We have had a pick-up of developers saying they want to start."

Larry Tarabicos, a longtime land-use attorney, said the uptick is "better than horrible news," but hardly muscular.

Tarabicos represents those involved in the large Whitehall planned community development just south of the Chesapeake & Delaware Canal, now awaiting a final record plan.

Another client has a rezoning request up for state-level review this week that would shift a 3-acre parcel on the west side of Del. 7 just north of Newtown Road from neighborhood conservation use to a more-commercial category.

"Multifamily housing is, fortunately or unfortunately, the hot ticket right now," Tarabicos said. "Fifteen or 20 years ago, I was doing only age-restricted communities. Now it's multifamily apartments."

"It's great for the construction economy and it's great that there's some activity," Tarabicos said. "What I view as a negative is that it's a very sad commentary on the state of our overall economy and certainly the housing market."

Edward C. Ratledge, a University of Delaware professor and director of the Center for Applied Demography and Survey Research, said annual building permit activity bottomed out a few years ago and has increased since, but only to about half the more than 8,000-unit peak before the recession.

2,954 in 2011, then rose to 4,827 last year.

The value of those permits over the same period fell from \$988 million in 2005 to \$370 million in 2011, then increased to \$593 million last year.

About 3.2 percent of the state's mortgages are in foreclosure, Ratledge said, down from a peak of about 4 percent but still far above 1 percent rate pre-recession.

"It's hard to say that we've got the problem solved by any stretch of the imagination," Ratledge said.

"I haven't looked at it thoroughly, but it appears that a lot of developers that had land also had options that would run out if they didn't do something," Ratledge said. "Some of them may have started building, but building things that sell at considerably lower prices than what they were selling before."

One of the projects up for discussion when the state's Preliminary Land Use Service meets on Wednesday, a section of the Mearfield subdivision off Herring Run Road near Seaford, would increase in size from 153 townhomes to 324 apartments.

"The rental market has exploded," Tarabicos said, noting one developer is now building "beautiful townhomes" for rental occupancy "because no one has a down payment and nobody can qualify for a mortgage."

Contact Jeff Montgomery at (302) 463-3344

or jmontgomery@delawareonline.com.