

Committee on Real Estate

February 8, 2021

A meeting of the Committee on Real Estate was held this date beginning at 2:00 p.m. over video conference call.

Notice of this meeting was sent to all local news media.

Present: Councilmember Shahid, Chair, Councilmember Appel, Councilwoman Jackson, Councilmember Waring, and Mayor Tecklenburg **Also Present:** Janie Borden, Chip McQueeney, Matt Frohlich, Geona Shaw Johnson, Julia Copeland, Peter Rascoe, Christopher Morgan, Stirling Halversen, Leigh Bailey, Susan Herdina, Mallary Scheer, Rick Jerue, Velvett Simmons, and Bethany Whitaker

The meeting was opened with an invocation provided by Chairman Shahid.

Approval of Minutes

On the motion of Councilwoman Jackson, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the minutes of the January 25, 2021 meeting.

Approval of a three year lease with MUSC with two one-year options to renew. The property will be used as a parking lot. The property is owned by the City of Charleston. [Southeast corner of Fishburne Street and Hagood Avenue and known as the 1,143 parking spaces Fishburne Ballpark Parking Lot; TMS: 460000008 and 460000002 (Ordinance)].

Mr. Rascoe stated this was the City's current lease for the City's large parking lot at the corner of Hagood and Fishburne and it ended on May 31st of this year. MUSC wanted to continue to lease it which contained 1,143 parking spaces. They had proposed a three year lease beginning June 1, 2021 with two one-year options to renew. It would be at the rate of \$45.02 per space per month which turned out to be \$617,494.32 annually. There was an annual increase built into the lease with a 3% cap of CPI each year after the first year was over. An ordinance had been drafted.

Councilwoman Jackson said she wanted to make sure with the 3% that it wasn't like an inflator and they didn't have to wait for the inflation index to be known. Mr. Rascoe said it was a CPI increase and it was capped at 3%. It could be lower than 3% but it wouldn't go down. Councilmember Waring asked what the rate was before the previous lease expired. Mr. Rascoe said it was a few cents higher so it did go down slightly. They had proposed the \$45.02 and that was a slight decrease. Councilmember Waring said he understood a slight decrease, but then they would be carrying it out for three years. He proposed keeping it the same. He asked what the rational was for it being lower. Mr. Rascoe said the rational was there were 1,143 spaces and they had a built-in user for it who was jumping to take it. Councilmember Waring said he understood what MUSC was trying to do, but he was talking about the prospects for the City. He understood keeping the price competitive and thought that keeping it where it was kept it competitive. They would be at a lesser dollar for the next three years than they received the previous five years. That would make the budgeting process more difficult. Mr. Rascoe stated he needed to correct himself. The last year of the five year lease was \$45.02. It started at \$40.00 and increased up to that \$45.02, so they were starting out at what it was in the last year of the lease. He apologized for being incorrect. Councilmember Waring said it wasn't a problem and he stood corrected.

Mayor Tecklenburg asked if they received additional income from this lot when baseball season rentals happened. He asked if they had the flexibility with MUSC to earn more on the spaces when they weren't being used by MUSC. Mr. Rascoe stated they did for special events. During a certain period of the day, MUSC was limited to 150 cars in the lot so special events could be built in. Mayor Tecklenburg asked if the City received that income or if it went to the Riverdogs. Mr. Frohlich stated there was language in the lease with MUSC that stated there could only be 150 cars at a certain time of day, which tied to language that was in the lease agreement with the Riverdogs for their use of the parking lot during certain hours. The Riverdogs paid the City an annual rate for using the lot during that time. It was around \$160,000 per year and it did increase each year. They kept the parking revenue, but paid the City the flat annual amount. Mayor Tecklenburg asked who was responsible for the maintenance. Mr. Rascoe said the City was and they were getting ready to do a grading job soon. Councilmember Waring said he suspected Stoney Field should be coming online and they would probably have some spill from events happening there. He asked if they could use the parking lot on the weekends. Mr. Rascoe said it was available on the weekends. Councilmember Waring said he thought they would have additional uses in the next few years. Mayor Tecklenburg asked if the agreement with the Riverdogs was exclusive. Mr. Frohlich said they didn't have exclusive rights, but they had something like 'first rights' if they had an event after MUSC.

On the motion of Councilwoman Jackson, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the above item.

Request the Mayor and City Council approve an Option to Lease and Ground Lease Agreement for sixty (60) years with Lowline Housing, LP, Inc. for the development of the City of Charleston's Lowline Affordable housing site. The property is owned by the City of Charleston. [The property is 0.7 acre and is located near the southern terminus of F Street adjacent to the planned Lowcountry Lowline. The site is also adjacent to 670 & 676 King Street, which are properties owned by the Housing Authority of the City of Charleston; TMS: 460-04-04-118; (Ordinance)].

Councilmember Appel stated that he would be recusing himself from this item.

Geona Shaw Johnson stated this was an option to lease, and a ground lease with Lowline Housing, LP. This group was a part of the bidders that responded to an RFP that the City put out for construction of housing near the future Lowline property, on the City's parcel. The option to lease and ground lease was for 60 years. The goal was to build 55 units of affordable rental housing for persons earning 30-80% of the Area Median Income. When they put out the RFP through the Procurement Department, they had three proposals. Each had to submit a request under the 4%, as well as 9% Low Income Housing Tax Credit threshold. This organization was seeking to submit an application to State Housing the following week. They were excited they had this organization that had come forth. NHE was the actual name of the entity and Lowline Housing, LP, Inc was the entity that would pursue the tax credits, as well as construct the affordable housing on the site, and conduct some parking and other infrastructure improvements necessary.

Councilwoman Jackson asked if there was a stipulation for the end of the ground lease and what happened at the end of the 60 years. Ms. Johnson stated that at the end of the 60 years, the property plus improvements would come back to the City and they would direct accordingly how they wanted the housing handled. Chairman Shahid said that wouldn't preclude them from continuing to lease it out. Ms. Johnson stated it wouldn't. It was whatever the City deemed appropriate. They had a similar agreement

with the Cooper River Bridge Redevelopment area where the James Lewis Jr. apartment buildings were being built. Council indicated a few years ago that it wanted its properties back because they were transferring properties without that long term affordability. This gave the ability to dictate how long it remained affordable. Councilwoman Jackson asked what she knew about the entity. Ms. Johnson said they were from the Upstate and had been quite successful in pursuing low-income housing tax credits. This would be one of the first they had done in the Low Country. Out of the last round of tax credit deals, they received eight awards out of ten. They had a team that was assembled locally and in the Upstate working on the proposed development. Councilwoman Jackson asked if they had the ability to pass/transfer operator status to another entity during the sixty years. Ms. Johnson stated that they would be the sole operator. Should they deem it appropriate to bring in another lessor, it would come back to Council to be approved.

On the motion of Councilwoman Jackson, seconded by Mayor Tecklenburg, the Committee voted to approve the above item. The vote was not unanimous. Councilmember Appel recused from voting and completed a Conflict of Interest Form which is on file in the Clerk of Council's Office.

Approval of a Resolution authorizing the Mayor to take all necessary action and execute all necessary documents on behalf of the City of Charleston to accept from the South Carolina Department of Transportation that certain real property, containing approximately 0.31 acres, shown on the attached exhibit, and being a portion of the right-of-way for US Route 17, bounded on the north by US Route 17 (King Street Off-Ramp), on the south and east by the Septima P. Clark Parkway (US Route 17) (SB), and on the west by the intersection of Fishburne Street and Coming Street.

Mr. McQueeney stated this was authorization for the Mayor to accept .31 acres from SCDOT. The plan was to move affordable housing onto it or construct affordable housing on it. There were two outstanding issues. There was a right of re-entry, which was close to a possibility of reverter, in the deed from SCDOT that they were trying to work out the language to make sure everything was okay. Also, once you took title to property, you were stuck with the environmental liabilities unless you got a VCC beforehand, so they were making sure that all of the environmental was taken care of before they actually accepted title to the property. Once that was done, this resolution would authorize the Mayor to physically accept the document and they could use it for affordable housing.

Chairman Shahid asked how many units they were looking at. Ms. Johnson stated originally they were planning to relocate two houses and those houses contained two apartments each. Right now, they were evaluating, if they were constructing, what it would look like. She didn't have a definitive answer. The option to relocate homes was lost because of the timeframe to secure a response on this, but previously they were looking at 6-8 units in each structure. Mayor Tecklenburg asked if there was a drainage easement across the property. He said it looked like there was a drain in the middle. Ms. Johnson said there was. Mayor Tecklenburg said it looked like it was in the center, so it might make the development challenging. Regardless, it looked like a park feature. He hoped they could locate a few units there, but if not he was happy to keep it for a park. Mr. McQueeney said that SCDOT's deed as written just required them to use it as a public purpose, so it could be a park area for the development if the affordable housing piece didn't work.

On the motion of Councilwoman Jackson, seconded by Councilmember Waring, the Committee voted unanimously to approve the above item.

Consider the following annexation:

2182 Parkway Drive (0.20 acre) (TMS# 343-01-00-144), James Island, (District 11). The property is owned by Peter Deen and Leigh Mendelsohn Wey.

On the motion of Councilmember Appel, seconded by Councilmember Waring, the Committee voted unanimously to approve the above annexation.

Executive Session in accordance with Section 30-4-70 (a)(2) of the South Carolina Code to discuss negotiations incident to a proposed contractual relationship and receive legal advice regarding the 99 West Edge Parking Garage.

On the motion of Councilwoman Jackson, seconded by Councilmember Waring, the Committee voted unanimously to go into Executive Session at 2:29 p.m.

On the motion of Mayor Tecklenburg, seconded by Councilwoman Jackson, the Committee voted unanimously to come out of Executive Session at 3:04 p.m.

Chairman Shahid stated that no action was taken in Executive Session.

Having no further business, the Committee adjourned at 3:05 p.m.

Bethany Whitaker
Council Secretary