

PLANNING COMMISSION

February 16, 2022

A meeting of the Planning Commission was held this date at 5:00 p.m. via Zoom Webinar.

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

PRESENT

Mr. Charles Karesh, Chair, Mr. Harry Lesesne, Vice-chair, Ms. Loquita Bryant-Jenkins, Ms. Erika Harrison, Ms. Donna Jacobs, and Ms. Angie Johnson. **CITY STAFF:** Mr. Christopher Morgan, Planning Manager, Mr. Lee Batchelder, Zoning Administrator, Mr. Philip Overcash, Senior Planner, Ms. Ana Harp, Senior Zoning Planner, Ms. Chloe Stuber, Planner, and Philip Clapper, Clerk. **Also in attendance were:** Mr. Jeffery Roberts, Mr. Sunju Patel, Ms. Kelly Vicario, Mr. Keane McLaughlin, Mr. Patrick Head, and Mr. Billy Wheeler.

Chair Karesh explained the rules and procedures of the meeting, and introduced the Commissioners.

Mr. Morgan introduced Planning staff.

MINUTES

Request approval of minutes from January 19, 2022

On the motion of Donna Jacobs, seconded by Harry Lesesne, the Commission voted unanimously to approve the January 19, 2021 minutes. Jimmy Bailey, Jr., and Sunday Lempesis were absent.

PRESENTATION

Update on affordable housing incentive zoning districts and other affordable housing initiatives.

Mr. Overcash said that since the previous update, there had been some updates regarding the Mixed Use/Workforce Housing districts, and the Upper Peninsula District.

There had not been a lot of activity regarding MU/WH Districts, but as of the day of the meeting, the City had collected about \$10.4 million in fee-in-lieu funds. Only one additional check had been received since the previous update. There were two pending fee-in-lieu applications. One was at 695 Meeting Street. Its application had been approved, and the City was still waiting for those funds. 3132 Laurens Street was still under construction, and it was anticipated that it would be a few months until they made their final application. They would ultimately pay around \$766,000 for their fee-in-lieu if they continued with their intent to not provide on-site affordable units.

Since the fee-in-lieu option was made available, 14 of 16 projects opted to pay fee-in-lieu rather than build on-site units. That resulted in 389 units that were not built.

The Upper Peninsula District had always had an Affordable or Workforce Housing element to it, and was only a few years old. In UP, if one were to build more than 4 stories, a developer needed to gain points in order to build up to 12 stories. One of the options to gain points was to provide Affordable or Workforce Housing. In 2019, City Council had amended the ordinance and made Affordable Housing a requirement if a developer built more than 4 stories.

838 Morrison was under construction, and they had been vested prior to the 10% requirement, but were providing 19 Workforce Housing units because they were using the points system.

55 Romney Street was also vested prior to the requirement. They were building 304 units, but none would be Workforce Housing unless they would do it voluntarily. It was the same with 1310 Meeting Street, which was under construction.

1505 Greenleaf Street had recently been rezoned into UP. Currently, they were proposing 365 units. If they went beyond 4 stories, they would be required to have 37 on-site Workforce Housing units. There was no fee-in-lieu option in UP.

Ms. Stuber said City Council had passed Conservation Development Subdivision Requirements Ordinance Amendment previously. It had a provision that incentivized Workforce Housing. If a developer chose to include attached units, such as townhomes, then 20% of those units would be required to be Workforce Housing units. They had only had 2 projects in the conservation site analysis review stage since the new requirements had been adopted. Those projects had thus far only looked at the land and had not yet decided whether they would include attached townhomes or not, so they did not yet know how that incentive would play out.

Chair Karesh asked how many years the units would have to stay affordable.

Ms. Stuber said it varied by ordinance, but she believed 25 years was the standard for incentive districts.

Chair Karesh thanked Ms. Stuber.

Ms. Stuber showed a spreadsheet of all active projects that had actively stated they would be including Affordable Housing. They were actively tracking each project as it went through the approvals process.

The estimated completion year was a very rough estimate, and could change by the week. She asked the Commission not to hold staff or developers to the listed years.

Affordability periods were listed, along with project type (rental or for sale), total number of affordable units, the percentages of each project that would be affordable, the income requirements, and the Incentive District, if any.

Total active upcoming affordable units was 791. The number may have been small, but staff had received communication from developers that those units were planned and were currently in the approvals process. Projects like the Fenwick project done by the City were definitely upcoming, but had not yet been entered into the system because they had not yet begun the approvals process.

Mr. Morgan said he thought the list was impressive, and he knew Ms. Stuber was putting together a dashboard that anyone could look at in the future. He wanted to let the Commission see how much work was going on. There were a number of projects, including the Fenwick project and projects done by the Sea Island Development Corporation that were on the way. 180 Place had just been funded. There was a lot of stuff coming that would significantly help the Affordable Housing situation.

Chair Karesh asked how many Affordable Housing units were needed.

Ms. Stuber said they would be able to show that in the dashboard at the next month's meeting. There would be a pie chart that showed how many units were in the pipeline, how many existed, and how many were needed. They needed to build about 15,000 units by 2030.

Chair Karesh said he was not trying to diminish the number that had been gained so far, but they had a long haul ahead of them.

Ms. Jacobs said it was really exciting to get the data organized. She applauded the staff for putting it together. She said she had gone back to look at agendas from the time she had started her term, which was May of 2018, and she marveled at the number requests that they had for UP and MU/WH rezonings. During her term, there had been 6 UP requests, 19 for MU-2/WH, and 10 for MU-1/WH, which showed the pressure on the City for that kind of zoning, and why they as the Planning Commission needed to stay on top of it and get the "best affordable housing bang" for their "incentive zoning buck." The way she read it, they had 791 housing projects mainly with organizations that were focused on affordable housing. The bad news was that they had lost 389 to real developers using the incentive-based zoning. It was a good news/bad news situation, but the data brought it into focus for the Commission. She had been thinking about it all afternoon, and again, the agenda was loaded with UP and Workforce Housing items, and they were not getting their value out of zoning expenditures.

Chair Karesh said he and Mr. Lesesne had spoken on many occasions about how they could encourage private developers instead of the City or non-profits to build affordable so that they could solve the problem.

Mr. Lesesne said the numbers that were shown were the kinds of numbers that would actually start to make a difference. He said Ms. Jacobs had said the same thing, but he believed that if the Commission stayed on top of the issue, and they continued to innovate, that 15,000 number in eight years did not seem quite as daunting as it had when he had been working on the Comprehensive Plan.

Ms. Harrison said they now knew what their number was. 800 units within a 2-3 year span of time helped to whittle down the larger number, as Mr. Lesesne had said. She was concerned about what the index would look like in the future, based upon inflation and supply chain issues. She asked if there was a way to quantify public vs private entities in the data. Seeing the data made it feel like a real number.

Ms. Stuber said many of the numbers were preliminary, and were based on what developers submitted in the conceptual stages, which was subject to change.

Chair Karesh asked if they could regularly be given a report at the beginning of each meeting, or if they could regularly get a report with Ms. Shaw Johnson, to see what they could do to help.

Ms. Stuber said they had an initiative called the Streamlining Affordable Housing Initiative. It was done in partnership with Housing and Community Development, but the focus was on strategies and actions that the Planning Department primarily had purview over. A spreadsheet was shown of some of those that had been

completed or were being worked on currently. The list was much longer than what was shown. There were more that they had not yet started and were still prioritizing and figuring out what they would tackle in the coming year.

In the last 2 years, they had waived all application fees for projects with 50% or greater affordable units. They had designated a single point of contact, the "Affordable Housing Concierge." That was one of the hats she wore for the City. It was partially complete, and ideally that would become a full-time position.

They had trained all of their review staff to track affordable housing projects in EnerGov, which was what had allowed her to pull the previously shown report together. It was now much easier to make those reports.

They had assigned priority status to projects with 50% or greater units designated as affordable. That awarded the developer with a package of advantages during the review process. It included the new Affordable Housing Protocol that TRC had established. In that new protocol, such projects would have priority on the agendas for Sketch Plan Wednesday meetings, received a 17-day abbreviated review schedule, and an option for red-flag follow-up meetings to help clear up big challenges before their next submission so that they could advance faster through the process.

They had also passed an ordinance reducing limitations on lot dimension standards for projects that had 100% affordable housing.

They had passed an ordinance allowing for ADUs by-right in multiple base zoning districts, with affordability requirements.

They had increased the fee-in-lieu amount in MU/WH districts.

The conservation development ordinance included provisions for Workforce Housing.

The dashboard that would be created would be public-facing.

They were in the process of creating a dashboard of vacant properties and structures ideal for affordable housing developments, considering elevation, transit access, and stormwater challenges. That would be internal, but they were working on finding a way to provide that tool to certain affordable housing partners.

They were also conducting an analysis of neighborhoods at high risks of displacement and were formulating displacement prevention policies.

Chair Karesh thanked Ms. Stuber and the rest of staff for the information. He recognized Mr. Roberts.

Mr. Roberts thanked the Commission for the privilege of presenting. He had written the following letter to the Commission, and presented it at the meeting:

Mr. Chairman, fellow Commission members, and City Staff- I would like to express my thanks for the privilege to present today and provide some thoughts coming from a different point of view than the Commission would normally see.

As many of you know, my company has been developing a wide variety of projects of all shapes and sizes in Charleston for more than 2 decades. While almost all the projects we undertake are market based and done on speculation ... we have teamed up many times with the City's Department of Housing as a For Profit developer, providing our private sector efficiencies, extensive experience, and capital to produce extraordinary results for affordable housing.

The premise of this short presentation is that the City of Charleston cannot subsidize its way out of a housing crisis, but instead, needs to cobble together a wide array of solutions and aggregate them. In order to do that, the Public Sector needs to lean on the Private Sector to provide housing supply and free market solutions as well.

Before we start with this short presentation, let me sincerely state that this is not a "free market" lobbying effort for the multi-family development industry, but one which realistically assesses the entrepreneurial motivations of the free market sector and what could induce them to create more affordable and price approachable housing; focusing for now on Charleston Peninsula. As an aside, we were the only developer, out of the Mayor's 2016 focus group run by ULI, to

publicly support at City Council, the newly adopted Fee in Lieu structure for Mixed-Use Zoning.

In essence, we have a “Supply Problem” for lower priced multi-family units. The pandemic has actually exacerbated this supply imbalance for now, as more people are relocating here as remote workers, and they are of a higher wage cohort who are capable of paying higher rents for luxury dwellings, creating a wider chasm of affordability for the “haves and have-lesses”.

For definitional purposes, this short presentation deals with “subsidized workforce units” that capture tenants at 80% to 100% of AMI of which the “allowable rent” of this subsidized unit on the Peninsula is around \$1,100/mo. As determined by HUD, the AMI for Charleston Peninsula is about \$49,000/yr. for a single person household. As a point of reference, marketrate studios in newer multi-family buildings range from \$1,800-\$2,100/mo., one bedrooms from \$2,000 to \$2,500/mo., and 2-bedroom units from \$2,500 to \$3,500/mo. When I reference the term “price-approachable”- which is non-subsidized market based, it is somewhere between max subsidized workforce rent and market-rate. Housing affordability on the Peninsula at less than 80% of AMI is for another discussion.

To additionally frame the issue, land on Charleston Peninsula is now about \$10M per acre, it needs deep pile foundations, we sit in an earthquake, wind and flood zone, and as we all know- substantial architectural requirements exist that require use of fine materials and major attention to detail. In most areas, we are limited in height- all adding to the “cost per unit” calculation. Being a successful multi-family developer in Charleston now requires the skill and experience of a financial alchemist; but the purpose of this short presentation is how can we provide incentives for this entrepreneurial group to work with the Public Sector and create more reduced price and subsidized units where it is economically advantageous or at parity with market based units to do so.

The City’s Mixed-Use Zoning provides incentives for multi-family development insofar as increased density, relaxed setbacks and some slightly reduced parking. In return, the developer agrees to provide 20% of the units as “subsidized affordable” for 30 years, or pay a “Fee In Lieu” not to provide it. Almost all developers pay the Fee In Lieu because it is not advantageous to build the units and have them restricted for 30 years at reduced rents.

For those not as familiar with the intricacies of Real Estate Finance and valuation modeling, the following will provide a very basic example of why Market-Based developers are not producing affordable units, but instead, paying the Fee in Lieu.

Take the following example:

250 unit building

20% of 250 units = 50 affordable units restricted for 30 years

Average “market based” rent per unit (unsubsidized) = \$2,100/mo/unit

Allowable rent for “Restricted Subsidized Unit” = \$1,100/mo.

Reduced rent for developer if 20% restricted affordable: 50 affordable units less (\$2,100/mo market based - \$1,100 mo/ WF subsidized) = \$1,000/mo. less x 50 units x 12 months = \$600,000/first year less rent

When a developer undertakes a project, it is financed by debt and equity. Most costs can be captured up front and financed after a pre-agreed upon sum of money is put down as the developer’s skin in the game.

The final value of the project and what the lender will also look at is the Net Operating Income, which is what remains, after deducting all operational costs

from all rental revenues. An implied rate of return, based on the Net Operating Income is the Cap Rate.

For instance, a 10 yr. risk free US Treasury yields a 2% rate of return. At present, the final rate of return acceptable to a long term multi-family investor is around 5%.

In a simplified way, the reason why developers are choosing to pay the Fee in Lieu instead of build the affordable units is the following:

\$600,000 less rent/yr. on the 50 subsidized units at a 5% Cap Rate, makes the project is worth \$12,000,000 less as measured in cash flows and the bank would reduce the amount eligible for financing by this number as well.

For example, the Fee In Lieu for a project like this would be about \$3,000,000 paid up front. This fee can also be financed in the loan. This simplified example shows why developers choose to pay the fee, because the disparity of outcomes is so large.

Since the Market Based developers are the most efficient producers of multi-family residential housing, how can the private sector be induced to provide more affordable and price approachable housing by harnessing the basic laws of economics and logical behavior of capital and how can the Public Sector provide a less restrictive regulatory environment that would allow for more of these units being supplied?

Private Sector Comments

1. In order to get a significantly larger supply of units online, our current zoning code links the number of units in a project to parking requirements. The architect can only fit a certain number of units into a defined mass and park it. The number of total units are restricted by having to design the building around the parking. Structured garage parking is also expensive and added into the project's cost, which of course is passed along into the rents. Parking should now be considered a luxury for the tenant, and buildings that have excess parking would attract a tenant willing to pay more. Basic economics would say that a building with less parking would command less rent than one with more. The entire Zoning Ordinance when it comes to parking should be carefully studied in an expedited manner, with perhaps a goal to eliminate and/or substantially reduce it. We can not design our City around parking anymore. The Comprehensive Plan encourages walkability and the location of multi-family projects around Job Centers, Shopping, and Transit lines. Reduced parking requirements around these locations on the Peninsula will encourage more density by creating the type of units that people find price approachable. Also, the ability of a resident to walk to work and shopping, for the most part, eliminates or reduces their need for a car, saving them more money. For instance, we have a project at 214-216 Spring Street that we have redesigned as Small Efficiency Dwelling Units (which are basically smaller studios) in a project that will presumably have a 1 to 3 parking ratio instead of one to one, and the rents for these 109 units designed for people wishing to live alone are normally at least 30% less than a comparable studio. This augments the supply of price approachable units and improves the quality of life for the workforce renter, that even at market rates, somebody making 80% of AMI or more can naturally afford without a subsidy. The gap between market based and subsidized work force rents would be only a few hundred per mo. as opposed to \$1,000/mo.
2. Getting an immediate supply of "workforce affordable" units online requires some unconventional thinking; and to use the colorful phrase... "we can no

longer be getting ready to get ready”.... but instead, collaborate and incentivize the private sector to add to this supply.

One source of an immediate supply of units would be for the City to master lease a grouping of them from the developer; ones initially built as market based. The City can then subsidize the differential. For example, if a subsidized workforce unit commands a reduced rent of \$1,100/mo. and the same market based unit is \$1,900/mo., perhaps the City should subsidize the differential of \$800/mo. Imagine the City master leasing 50 units that were built as market based. 50 units x 900 mo. City rent contribution subsidy = 50 x 900 x 12 mo. = \$540,000/yr. subsidy.

Any developer would likely embrace this scenario of the City selecting a cross section of market based units to subsidize the rental gap of market based to work force, and would probably even give a 5 to 10% discount as the costs of rental administration would be less.

To the developer, as I mentioned above, it is at least cash flow neutral as costs of making these “restricted affordable” is \$600,000/yr. - which is why the fee in lieu option is always chosen over the units.

By the City’s own calculation, it costs about \$300,000 per unit to construct this at scale. By taking rental ready market based apartments and providing the stopgap, units are immediately available and the developers will embrace this. The costs of the stopgap differential can mostly be paid by the redistribution of Fee in Lieu monies towards the subsidy. There may be some additional funding sources needed to sustain this model, but those can be located.

As developers are faced with a binary decision, all have a fiduciary responsibility to the project and partners/investors/lenders to take the route that maximizes a rate of return. That being said, a solution can only work if it satisfies the City’s unit needs while not overly penalizing the developer. While keeping a Fee in Lieu structure in place, an additional way or creating the restricted workforce units would be to offer a property tax incentive that would be roughly at parity to the annual differential in rents between market-based and workforce. If done this way, the financial modeling is the same, reduced (and restricted) rents for corresponding property tax credits are cash flow neutral and have no impact on the net operating income.

There are other more involved and technical suggestions but that is for another time, and I look forward to getting together with a focus group made up of PC members for a more detailed discussion in the near future.

In conclusion, if a well meaning and creative private sector works together on this now with its governmental counterparts; there are solutions at hand where we can exploit private sector efficiencies, and governmental resources can be realigned and calibrated to partially fulfill our immediate need for affordable and price-accessible housing on Charleston Peninsula.

Yours truly:

Jeffrey Roberts, managing member
JJR Development, LLC

Chair Karesh thanked Mr. Roberts.

Ms. Jacobs said that Mr. Roberts had proven to be the “financial alchemist,” as he had put it.

Mr. Roberts thanked Ms. Jacobs for the kind words.

Mr. Lesesne said he greatly appreciated Mr. Roberts' comments. He asked after next steps. They were eager to work with the private sector, staff, and City Council. There was no single solution, it would require many solutions and a lot of creativity. He asked Mr. Roberts and the Planning staff what the next steps could be.

Mr. Morgan said he thought Mr. Roberts had many good ideas. He seemed willing to share his thoughts. It might be something where the Commission could set up a small subcommittee to have some discussions less formally, and that subcommittee could report back to the full Planning Commission.

Chair Karesh said he liked that idea, and wanted Mr. Lesesne to lead that effort with Mr. Roberts.

Mr. Roberts said he could take some of his like-minded and equally creative colleagues and get them in a room with Mr. Lesesne and any other Planning Commission members that wanted to be there and drill down on what they felt were good suggestions. There were ways to do it with a series of smaller solutions. They could put them forth, vet them, improve them, calibrate them, and get it going, instead of getting ready to get ready. They had some solutions that could be implemented immediately, and the success would build upon itself. They felt the matter was important and deserved their time.

Chair Karesh agreed.

Ms. Jacobs asked if a motion was necessary to form the subcommittee.

Mr. Lesesne said he would be happy to chair an ad-hoc subcommittee. If members of the Commission wanted to serve on the subcommittee, he asked them to let Mr. Morgan know. They would want to keep the group small, but he was happy to have as many members participate as possible.

Mr. Morgan said they would need to figure out if they would be public meetings with a quorum of the Commission, or more like informal work sessions.

Chair Karesh said he liked the idea of informal work sessions.

Ms. Harrison said that was a question she had. She didn't know how much they would need to have such a discussion in public. She felt that one of the benefits of such a group was that it was akin to a think tank. She asked if such a group would need to go through City Council as an ordinance, or something else.

Chair Karesh said he believed he had the authority to appoint Mr. Lesesne as the head of a small informal committee to hold discussions with Mr. Roberts. If they needed a more formal motion, they could do that later. He believed such informalities were appropriate, because anything that would come up that they would have to discuss and vote on would be done during a public session.

Mr. Lesesne agreed. They could call it a "working group," rather than a "subcommittee."

Chair Karesh agreed, and thanked the Commission, Mr. Roberts, and Planning staff. He said the Commission was committed to solving the problem.

REZONINGS

1. **265, 275, 277, 279 Huger St, and 581, 583, 585, 587, 589, 591 Meeting St (East Central – Peninsula) TMS # 4631604018, 054 & 055 – approx. 3.16 ac. Request rezoning of subject properties from Diverse Residential (DR-2) and General Business (GB) to Mixed-Use Workforce Housing (MU-1/WH).**

Owners: City of Charleston Housing Authority

Applicant: Bello Garris Architects

Mr. Morgan said 3 of the rezonings at the meeting were along the Meeting Street Corridor, so it was obvious that was becoming an active area, and new things were coming to the City.

Item 1 was several properties owned by the Housing Authority at the corner of Huger and Meeting. The main area of interest was behind the Grant Homes, which were 6 historic structures that were affordable housing owned by the Housing Authority. At the rear of the site, there were older townhouses that would be demolished for the new use. The best approach for creating the affordable units on the site was to have the MU-2/WH ordinance to apply, which would be similar to the MUs which surrounded the area, one exception being the MU-1 that had the base commercial districts that matched up with LB, as opposed to MU-2, which aligned with GB.

There were several surrounding market-rate apartment complexes, and further planned market-rate units in other areas.

The Comprehensive Plan designated the area as City Center, so the rezoning would be appropriate.

Images of the properties were shown.

A zoning comparison table was shown. The biggest factor in the rezoning was that there was no density count in the MU other than what the height restrictions allowed for.

Staff recommended approval.

Mr. Bello said they would be developing affordable housing. Under the current zoning, they were allowed 54 units, and they proposed 84 units.

They would be tearing down the older 1980s buildings. Instead of raising the building over parking, they would put the ground as low as they could. They were in a flood zone, but they would be about 5 or 6 feet off of the ground. They would have surface parking to buffer between the historic homes on Meeting Street.

There was nothing wrong with the buildings around the area, but they had come up with a design that responded to the large, boxy buildings in the area, as they wanted to see something a little different, and a little more inspirational. There would be a center, open-air park space, with two buildings organized around that and broken up in the middle. It was set up somewhat like a large shed.

Images were shown of the concept design.

They had already gone to the BAR to get conceptual approval, assuming that the Commission would approve based on the use.

Mr. Lesesne asked what the ownership structure would be. He assumed the Housing Authority would continue to own the buildings.

Mr. Bello said their client was Mungo Construction and Nick's Development. They had answered an RFP sent out by the Housing Authority. They had a development agreement together.

Ms. Stuber said it would stay under Charleston Housing Authority ownership. It was one of the first projects under the rental assistance program that HUD had. It allowed the Housing Authority to leverage public-private partnerships. All of the units already there would be replaced on-site, so no units would be lost.

On the motion of Harry Lesesne, seconded by Angie Johnson, the Commission voted unanimously to approve Rezonings Item 1. Jimmy Bailey, Jr., and Sunday Lempesis were absent.

- 2. Properties on Meeting St (Eastside - Peninsula) TMS # 4590503077-079, 4590504216 & 222 – approx. 0.51 ac. Request rezoning of parcels TMS # 4590503077-079 from Accommodations Overlay District (A-1) to Accommodations Overlay District (A-4), and to include parcels TMS # 4590504216 & 222 within A-4.**

Owners: Grace Hotel Inc. and City of Charleston

Applicant: Richard Gowe, LS3P

Mr. Morgan said Rezonings Item 2 was on Meeting Street near the ramp from I-26. Several of the parcels had designations for Accommodations Overlay added. It was in the area of the old Cooper River Bridge. The City had properties there, some of which had already been developed for affordable housing, and some were in the works.

The owner had held the property for some time with plans for a hotel. There were other City parcels adjacent to it. There had been discussion about selling those properties to the applicant for the hotel site. The transfers had not yet taken place. The entire set of parcels would become one of the A-4 sites in the City, which allowed for up to 100 accommodations units. The applicant would still have to go through the BZA process for the specifics of the hotel, along with the sale from the City.

The area was designated City Center in the Comprehensive Plan, which made sense.

Images of the property and surroundings were shown. The site was vacant at the moment.

Staff recommended approval.

Chair Karesh thanked Mr. Morgan.

Mr. Gowe said he represented LS3P, and was with Sunju Patel with the Montford Group.

The project had a long history dating back about 7 years. Their client had bought the land and had access to a curb cut on Meeting Street, and had communicated his intent to put a hospitality project there. At that time, the Planning Director, Tim Keane, and Mayor Riley convinced him that a curb cut would not have been very good for the City with all of the traffic coming off of the I-26 exit. He came up with an agreement to send cars around to Lee Street and back into an alley that would be partially on his land.

There was a portion of the corner at Lee and Meeting that their client had under contract to buy it from DOT, and the City came to him and said they needed it for Stormwater and other things, and so he gave up the right to buy that land. So, they worked out an agreement with the City to create an alley between the Housing Authority land and their client's land, ten feet of each, which would create a little alley that would be accessed from the north one way, so that Meeting Street could remain a busy, car-oriented thoroughfare, with a broad sidewalk to populate it.

However, they could not have a one-way street unless they could get out on Cooper Street. It had taken a long time for City to work things out. Originally, Mr. Patel was going to do 150 rooms, but conversations had gone well, and he would only be doing 100. They felt like it was a great location for a hotel, especially one of some substance. It had the opportunity to be a welcoming building. Meeting Street was one of the backbones of the City, and that area could be very unwalkable, due to large open spaces that were scary and unapproachable. Having buildings that framed the street and that had bright lights in the windows would make it feel more walkable and safe. He said Mr. Patel had met with Councilmember Mitchell and the Eastside, and they were on board with the plan.

He felt that 7 years was a long time for the project, and he believed that the back and forth that Mr. Patel had gone through showed that he was a model developer with the best interests of the City, as well as his own interests, in mind.

Chair Karesh closed the public aspect.

On the motion of Erika Harrison, seconded by Harry Lesesne, the Commission voted unanimously to approve Rezoning Item 2.

- 3. 590 Meeting St (East Central – Peninsula) TMS # 4590103047 – approx. 0.23 ac. Request rezoning of subject property from General Business (GB) to Upper Peninsula (UP), from 5 Story Old City Height District to 4-12 Story Old City Height District, and to include the subject property within the Accommodations Overlay District (A).**

Owner: Meeting Street Properties

Applicant: Richard Gowe, LS3P and Sunju Patel, Montford Group

Mr. Morgan said the property was at the corner of Meeting and Huger Street. The request was to zone from GB to UP. The UP rezoning would change the height district to 4-12 Story Old City Height District. Only properties in UP could be in that district, and above 4 floors needed to be earned. The property would be an expansion of a hotel that already had approval, so that they could create a better design for their hotel, without increasing their number of accommodations units. The applicant would need to return to the BZA process to alter their application.

To the south, there was a new building that had received BAR approvals for a 5 story apartment building.

The surrounding area was outlined.

The area was designated City Center in the Comprehensive Plan.

Images of the property were shown.

Staff recommended approval.

Mr. Gowe said his client had owned the land next to the rezoning area for some time, and had already been to the BZA with the special exception process for a 9 story building. At that time, the property in question had not been available, but it became available, and so he was interested in growing the project. He would not be adding any more rooms, but he did want to create a mix of uses so that it could become a more vibrant project.

The adjacent land would make it a contiguous parcel, but it was still a very narrow parcel. They would be extending the footprint, but they would not need to go the full 9 stories at the very corner. It would be held back. There were many sites in the City where zoning heights increased as one moved back. Thinking about Meeting Street as a principal boulevard, a lot of the heights were lower and then stepped up as they went further back. That was what they were trying to achieve.

Huger Street was very popular, and was the first street south of the exit from Ravenel, and was one of the more important gateway sites. They thought a hospitality use on the corner added a lot of life, and walkability and safety would result from the development.

His client had met with Councilmember Mitchell and the Eastside, and they were on board.

Chair Karesh thanked Mr. Gowe and recognized Ms. Vicario.

Ms. Vicario with the Preservation Society of Charleston said that in October of 2019, the Society had opposed a similar request to rezone the adjacent property at 245 Huger Street into the Accommodations Overlay, which they felt was an inappropriate piecemeal expansion of the Overlay. In keeping with that concern, they were equally opposed to the new item, as the Overlay was intended to provide predictability on the location and size of hotels within the City of Charleston. As proposed, the site would be rezoned to the most intensive Accommodations zone. Although it was mentioned that additional rooms would not be added, the request would allow for up to 250 rooms and 12 stories, which was incredibly intense for such a prominent corner location.

They were also concerned with the request to rezone from a 5 Story district to a 4-12 Story district. They were seeing larger buildings in that area of the City, and the majority of new construction was compatible with 5 stories of height. Opening the door to 12 stories presented the possibility of a building drastically out of scale with the surrounding context. The Society's greatest concern was the impact on the 2 story Grant Homes across the street, which were significant historic buildings recognized under the City's Landmark Overlay. Therefore, due to the significant concerns over intensity, use, and height, they asked the Commission to recommend disapproval.

Chair Karesh asked Mr. Gowe for a response.

Mr. Gowe said he would. He asked Mr. Morgan for exhibits that could be displayed. He said they had met with the Historic Charleston Foundation and the Preservation Society. They had heard their comments, and they had produced a document to demonstrate the intent of the developer so that they could be somewhat relaxed about the developer's intention to not grow the room count or the height of the building. 12 sounded like a big number, but they were only requesting 9. They believed that if they could limit the request for only part of the parcel, then that would be a good compromise.

An image of the plans was shown. He said the image showed that they had no intention to extend the building out for 48ft. In deference to concerns of the historic groups, the developer was willing to withdraw the request and reposition it so that they would only ask for UP east of the long blue line on the drawing, and they would leave the 48ft to the west in the 5 story district. They felt it was an appropriate compromise and would be in keeping with the area.

Mr. Patel said he wanted to make sure that everyone understood that they were not asking for greater room count or for 12 stories. They were very mindful of what the City looked like. He said it was his City, and his only home. He was very mindful of what Meeting Street looked like, and he was heavily invested along the corridor. They would set it back from Meeting Street to make sure the landscape did not change. They had a project at 547 Meeting Street where they had done exactly the same thing. They were trying to make a better and more efficient building, and hopefully add some mixes of uses to create a better streetscape.

Chair Karesh asked Mr. Morgan for clarification regarding the offer to divide the property between two different height districts for resubmittal.

Mr. Morgan said it was an unusual situation because of the nature of the UP. He believed it all needed to be zoned to the UP because they were dealing with the volume of the building and the incentives. They could modify their request so that the 5 Story Height District would remain, even though the whole parcel would remain in the UP. He asked Mr. Batchelder his thoughts. It would be the first time they would ever have UP without the 4-12 Story District.

Chair Karesh asked if it was a different application and if they needed to come back.

Mr. Morgan said it was a less intense application.

Mr. Batchelder said he believed it would work.

Mr. Morgan said the new parcel would all go to UP, but they would still keep the 5 Story Height District for the first 48ft, with the 4-12 District beyond that.

Mr. Gowe and Mr. Patel said that was their request.

Ms. Harrison said she did not believe they needed to compromise based on the public comments. Driving down Huger Street and getting to that intersection, one would already see the increased height.

Ms. Jacobs said she had heard Mr. Morgan say something about affordable housing. She asked if there would be affordable housing in the hotel.

Mr. Patel said there would not be. There was a mobility fund that they were contributing towards that gave them extra points towards increased height. There would be a mix of uses.

Ms. Jacobs thanked Mr. Patel.

Mr. Lesesne said he understood the comments from the Preservation Society. He agreed with Ms. Harrison. The applicants had come in good faith and had stated what their intentions were. They were both responsible developers who cared about the street. He would have been more comfortable with putting something in writing and forwarding it to City Council, but he respected the wishes of his fellow Commissioners. He implored the applicants to stick to their plan.

Mr. Patel said he had their word that they would not go over 9 stories, and not over 5 on Meeting Street.

On the motion of Erika Harrison, seconded by Angie Johnson, the Commission voted unanimously to approve Rezoning Item 3 as submitted. Jimmy Bailey, Jr., Loquita Bryant-Jenkins, and Sunday Lempesis were absent.

4. 1224 Wappoo Rd (Pinecrest Gardens – West Ashley) TMS # 3511200192 & 028 – approx. 0.33 ac. Request rezoning of subject property from General Office (GO) to Commercial Transitional (CT).

Owner: John Peters

Applicant: same as owner

Mr. Morgan said the property was on Wappoo Road, not far from Sam Rittenberg and Ashley River Road, where those two roads came together. It was an unusual portion of the neighborhood because it already had some commercial designations. There were properties in Charleston County that were commercially zoned, as well as GB across the street on what would otherwise be residential blocks.

The applicants had a plan to open a business that would not fit in the GO category, and that is why they needed to move to CT.

The area was designated Suburban in the Comprehensive Plan, which was not necessarily in opposition to CT. They would need to look at the surrounding context of the neighborhood.

Images of the property were shown.

The differences between GO and CT were outlined.

Staff was comfortable with the request.

Mr. McLaughlin with ESP Associates said that they were formulating a plan to move the existing building, keeping it in its residential nature, and moving it forward to the site. Behind that building, they wanted to construct a larger garage-type structure with a residential feel so that the applicant could continue her business of fabricating and altering high-end draperies and window coverings. She currently had a workshop on Sam Rittenberg, but she wanted to combine all of the activities in one place. The owner was interested in maintaining the residential feel by moving it forward towards the corner, and then adding about 800-1000 sq. ft. and maintaining a courtyard between the moved building and the new building.

Chair Karesh closed the public aspect.

Ms. Jacobs she was struggling with the application, because she always looked at the borders of residential neighborhoods. When she was new to Charleston, she lived in that neighborhood. It was very peaceful, with smaller starter homes. When neighborhood borders started to transition, they needed to do it thoughtfully and respectfully. She had always advocated for that position. Her concern was not with what the applicant wanted to do with the property, but zoning did not stay with the owner, it stayed with the land. If for any reason, the owner's business grew to where they needed to move it to another place, then a new owner would have CT-zoned land with a pretty high density right on the corner. She was concerned about the intensity of the zoning, but did not know if there was a way for the owner to get what she wanted without potentially negatively impacting the neighborhood.

Mr. Morgan said it was more intense there, but CT was designed to be in close proximity with residential. With the GB zoning across the street, staff felt a precedent had already been set in that portion of the neighborhood for a mixture of uses.

Mr. Lesesne asked if Residential Office zoning would have helped.

Mr. Morgan said there were portions of the business that were not allowed under office designations.

Chair Charles Karesh motioned to approve Rezonings Item 4. There was no second.

Ms. Jacobs said they had done things like this before, but the neighborhoods that were affected often came back and said they wished they had opposed the changed. She was unsure if the neighborhood understood the potential of CT. They had likely heard the plans of the owner and were fine with them.

On the motion of Donna Jacobs, seconded by, Harry Lesesne, the Commission voted unanimously to disapprove Rezonings Item 4. Jimmy Bailey, Jr., Loquita Bryant-Jenkins, and Sunday Lempesis were absent.

5. 1144 and 1150 Folly Rd (James Island) TMS # 4251300030 & 031 – approx. 0.88 ac. Request rezoning of subject properties from Residential Office (RO) to Limited Business (LB).

Owner: Bennett Construction & Realty LLC

Applicant: Zachary Bennett

Mr. Morgan said the application had some of the same issues as the previous one. It was an area that had some commercial zoning already around it, but the RO district did not work for a future business plan. The applicant was requesting a rezone from RO to LB.

There was LB zoning across the street in the form of retail and restaurants. The property backed up to SR-1 parcels. That side of the street had been a kind of “mishmash” of conversions to office or limited commercial zonings.

Staff was comfortable with the request due to the Folly Road Overlay.

It was designated Neighborhood Edge in the Comprehensive Plan, and thus LB would not be out of character.

Images of the property were shown.

The differences between RO and LB were outlined.

The Folly Road Overlay required limited curb cuts, access management, the 12ft multi-use path, a maximum of 8 dwelling units/acre, and 12 if Workforce Housing was included. Height was limited to 2.5 stories or 35ft. Motor vehicle dealers were prohibited. A 15ft vegetated right-of-way buffer was required along the east side, and a 20ft vegetated rear buffer adjacent to the residentially-zoned parcels. Fencing was allowed, and in some cases reduced the screening.

Staff recommended approval because of the Folly Road Overlay.

Ms. Stuber said Charleston Moves requested the applicant to consider donating the necessary easements for the multi-use path along the parcels included in the rezoning request.

Chair Karesh closed the public aspect.

Ms. Jacobs said the commenter had asked that the land be donated, but Mr. Morgan said multi-use path needed to be built. She asked who was responsible for it.

Mr. Morgan said it was the responsibility of the developer of the property to install the multi-use path. It could be altered by the DRB in their context. He believed the County was working on new sidewalks in the area that may have been 7 feet in width, though he was not 100% sure if those parcels were included. If that were built first, it might have been that the applicant needed to add 5 feet of depth to the sidewalks. But, there was no doubt that the path was required.

Ms. Jacobs asked if it was enforced by both TRC and DRB.

Mr. Morgan said DRB would determine how wide and where the path would be placed, and TRC would make sure it was built before they got a certificate of occupancy.

Ms. Jacobs said she was unsure if the neighborhood was aware of the intensity of the plans.

Mr. Lesesne said he was disappointed that they were not able to hear from the applicant. He would oppose the application. That section of Folly Road felt residential. Rezoning it could make the east side of Folly Road very different. He liked the Overlay and knew what it did, but it wouldn't address the character issue.

On the motion of Erika Harrison, seconded by Chair Charles Karesh, the Commission voted to approve the Rezoning Item 5. The vote was not unanimous. Donna Jacobs and Harry Lesesne voted against the motion. Jimmy Bailey, Jr., Loquita Bryant Jenkins, and Sunday Lempesis were absent.

ORDINANCE AMENDMENT

- 1. To Amend Article 2 (Land Use Regulations), Part 15 (Workforce Housing Districts and Opportunity Zones), and Article 3 (Site Regulations), Part 4 (Off-Street Parking Requirements) of Chapter 54 of the Code of the City of Charleston (Zoning Ordinance) to include provisions for small efficiency dwelling units.**

Applicant: Jeffrey Roberts

Mr. Morgan said it was an unusual situation, in that a private sector individual chose to propose an amendment to the Code, which was allowed by the City's Zoning Code. Mr. Roberts would present, and Mr. Batchelder had reviewed and made suggestions to the change, which had been incorporated.

Mr. Roberts said they and City staff had exhaustively reviewed and gone over the proposal. It was an ordinance to promote a small efficiency dwelling unit. They were essentially smaller studios. They had worked extremely well in Austin, Texas, New York, San Francisco, and Seattle. It was price approachable housing that only worked well in districts that were walkable.

He said he and Mr. Head had a beautiful Eddie Bello design for 214 216 Spring Street, which they had intended to design as co-living, which was like a luxurious dorm for adults. It would have had 112 bedrooms, each with a separate bathroom and some common space. They had rethought the project, and the type of demographic that lived in co-living spaces were "lonely digital nomads," "gen-Z-ers" that wanted company. What they looked at was people who wanted to live in a Class-A apartment, but that was smaller than an average studio because they did not need as much space. They were trading off location and mobility for some extra space. All of that came with natural price approachability.

The project was located right across from MUSC, although it was not a specific rezoning for the property.

Small efficiency dwelling units, also called micro-units, ranged from unit sizes that were 250 sq. ft. to 375 sq. ft. All of the units needed to be homogeneous in the building so as not to be abusive, so that a multi-family developer would not have some extra pieces and parts left over from a 300 sq. ft. building and call it a micro unit. They had also put on substantial restrictions, more restrictive than Austin Texas, which was at the forefront of a similar, if not worse, housing affordability crisis. They were looking at units where the fee-in-lieu still applied, but it was in a location of great mobility, transit, supermarket walking distance, shopping, and extremely bicycle friendly. It brought a stream of extra density into the supply of housing units. The zoning worked extraordinary well in the Medical District and what was in the Comprehensive Plan as City Center. Residents could live by themselves without roommates, and would not need a car. They had allowed for automobiles, but the people who were going to live there would not be automobile-centric. It would be significantly restrictive so that it was not subject to abuse. He believed it fulfilled the goal of the Comprehensive Plan to the letter.

Ms. Jacobs said the ordinance was very exciting. She had spent her entire career at the Medical University, and what was sorely needed there was exactly that type of housing. Many people came into the area looking for something affordable so they could be a student or resident, or perhaps were on sabbatical, and they were going to walk to work, because they were going to live their life literally in the University, and people just needed a bed to put their head in. She thought it would help with their inventory. It might not help with the Affordable Housing inventory, since many people would want to be married or start families, but it would reduce the burden on other inventory by giving the option to people desperately in need of it. It had always been needed in the Medical District.

Ms. Johnson agreed.

Ms. Harrison asked how they decided $\frac{3}{4}$ of a mile was "walkable."

Mr. Roberts said it seemed like a reasonable 10 minute walk for groceries. They wanted it to be about walk and bike-ability. It seemed like a reasonable, good number, although it was tough to quantify. They also classified it as a supermarket, because they didn't want something like a bodega classifying as a grocery store.

On the motion of Donna Jacobs, seconded by Angie Johnson, the Commission voted unanimously to approve Ordinance Amendment Item 1. Jimmy Bailey, Jr., Loquita Bryant Jenkins, and Sunday Lempesis were absent.

Chair Karesh thanked Mr. Roberts for his idea.

Mr. Roberts thanked Mr. Morgan and Mr. Batchelder for their help.

Chair Karesh said that Mr. Roberts could bring any more ideas forward that he had in the future. They liked them.

ZONING

1. **2309 Lazy River Dr (Parkdale - West Ashley) TMS # 3101400017– approx. 0.46 ac. Request zoning of Rural Residential (RR-1). Zoned Single-Family Residential (R-4) in Charleston County.**

Owner: Seel Living Trust

Mr. Morgan said the item was a fairly large lot at nearly .5 acres. It was in the Low Impact/Conserved area, so they wanted to keep the density low, and thus they were recommending RR-1, which would help to prevent further re-subdivision.

Images of the property were shown.

Staff recommended approval.

Chair Karesh closed the public aspect.

On the motion of Angie Johnson, seconded by Harry Lesesne, the Commission voted unanimously to approve Zoning Item 1. Jimmy Bailey, Jr., Loquita Bryant Jenkins, and Sunday Lempesis were absent.

2. **1517 & 1521 Wappoo Dr (Fairfield Pines - West Ashley) TMS # 3511200115 & 207 – approx. 0.54 ac. Request zoning of Single- and Two-Family Residential (STR). Zoned Single-Family Residential (R-4) in Charleston County.**

Owner: Little Dudes LLC and The Dude Invests LLC

The property in question sat between denser areas of DR-1F to the east, and less dense of SR-2 and SR-1 to the east and north, respectively. Its configuration meant that it had difficulty meeting the SR-1 and SR-2 standards. The interest of the applicant was STR, which was what they endorsed.

Staff recommended approval.

Mr. Wheeler said staff had explained the situation perfectly. There was an active daycare on the property that would be grandfathered in. They were looking to join the City, and perhaps form a duplex or something similar after some time.

Chair Karesh closed the public aspect.

On the motion of Harry Lesesne, seconded by Angie Johnson, the Commission voted unanimously to approve Zoning Item 2.

3. **2131 Clayton Dr (Oakland - West Ashley) TMS # 3101200018 – approx. 0.25 ac. Request zoning of Single-Family Residential (SR-1). Zoned Single-Family Residential (R-4) in Charleston County.**

Owner: David William Ogden and Erin Hope Leach-Ogden

Mr. Morgan said the neighborhood was one that was almost exclusively zoned SR-1. It met the SR-1 lot standards. It was designated Suburban Edge in the Comprehensive Plan, which was appropriate for SR-1.

Staff recommended approval.

An image of the property was shown.

Chair Karesh said that it was not urgent, but he wanted to see a diagram of how much of the property in neighborhoods like the one in question was still in the County and not the City.

Mr. Morgan said they were in the process of hiring an Annexation Coordinator, which the City had not had in a number of years. They could have that person meet the Commission and do a presentation on the topic when they were brought on board.

Chair Karesh closed the public aspect.

On the motion of Donna Jacobs, seconded by Harry Lesesne, the Commission voted unanimously to approve Zoning Item 3. Jimmy Bailey, Jr., Loquita Bryant Jenkins, and Sunday Lempesis were absent.

Ms. Jacobs said Mr. Ken Moralda, a member of the West Ashley Revitalization Commission, had put together a very elegant area character appraisal for Avondale that mirrored what had been done for Byrnes Downs, Old Windermere, and Cannonborough-Elliotborough, and she asked if there was a way they could have it presented to the Planning Commission so that it could be recommended as a staff resource. He had done a magnificent, over-the-top job.

Chair Karesh said it was interesting and well thought out. He asked Mr. Morgan to put it on the agenda for the next meeting.

Mr. Morgan said they could do that.

Chair Karesh thanked Ms. Jacobs for bringing it forward.

Mr. Lesesne said that anyone interested in the affordable housing working group could contact Mr. Morgan.

Chair Karesh asked how many members would constitute a quorum, so that they could avoid any problems.

Mr. Morgan said they would receive advice from the Legal Department.

Chair Karesh thanked Mr. Lesesne for spearheading the effort.

There being no further business to discuss, the meeting was adjourned at 7:17 p.m.

Philip Clapper
Clerk of Council's Office