

COMMITTEE ON REAL ESTATE

February 26, 2018

A meeting of the Committee on Real Estate was held this date beginning at 3:38 p.m. at the Dock Street Theatre, 135 Church Street, 3rd floor conference room.

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

PRESENT

Chairman Moody, Councilmember Waring, Councilmember White, Councilwoman Jackson, and Mayor Tecklenburg **Staff:** Colleen Carducci, Frances Cantwell, Chip McQueeney, Christopher Morgan, Geona Shaw Johnson and Bethany Whitaker, Council Secretary

The meeting was opened with a moment of silence provided by Councilmember White.

APPROVAL OF MINUTES

On the motion of Councilmember White, seconded by Councilmember Waring, the Committee voted unanimously to approve the minutes of the February 12, 2018 meeting.

APPROVAL TO AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT OF PURCHASE AND SALE BETWEEN THE CITY OF CHARLESTON AND NIANDREA TAYLOR FOR THE SALE OF 56 NUNAN STREET FOR \$195,208. THIS PROPERTY IS BEING SOLD SUBJECT TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM RESALE RESTRICTIVE COVENANTS WITH AN AFFORDABILITY PERIOD OF 30 YEARS. THE OWNER OF THE PROPERTY IS THE CITY OF CHARLESTON. (56 NUNAN STREET; TMS: 460-07-01-025) [ORDINANCE]

Ms. Geona Shaw Johnson stated that this was a first time homebuyer that they were selling to. The property was owned by the City, who had purchased it a number of years ago. The full development cost was \$195,208 and the homebuyer was mortgaging \$134,800 relieving the subsidy of \$60,408 in the property which made it affordable to a buyer 80% and below the area median income. This particular buyer was at the area median income of 71.5%. This was a 3% household and they were excited to get this property sold. The form of the City's mortgage would change because it had the \$60,408 in subsidy attached. They had a note and a mortgage that went along with that which fully amortized with her first lean mortgage. They would get that document to them before the second and third reading.

Councilwoman Jackson asked what the total development cost was and Ms. Shaw Johnson stated it was \$195,208. HOME funding had gone into this transaction. When they invested HOME funding for home ownership they targeted persons who made 80% and below the area median income. Mayor Tecklenburg asked if this was a new construction or a renovation. Ms. Shaw Johnson said it was a new construction. They ended up having to demolish what was previously there. Councilmember Waring asked how many square feet it was and Ms. Shaw Johnson said it was about 1,000 square feet.

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

Consider a Purchase and Sale Agreement for 101 Broad Street

Ms. Carducci stated that for this item and the next item, they should go into Executive Session.

On the motion of Councilmember Waring, seconded by Councilmember White the Committee voted unanimously to go into Executive Session at 3:42 p.m. to discuss proposed contracts.

On the motion of Mayor Tecklenburg, seconded by Councilmember Waring, the Committee voted unanimously to come out of Executive Session at 4:23 p.m.

Chairman Moody stated that they discussed three contracts and no votes were taken.

Ms. Cantwell stated that it would be important when Chairman Moody made him report that the public understood that the contract was contingent on the purchaser acquiring 88 and 90 Broad Street.

On the motion of Councilwoman Jackson, seconded by Councilmember Waring, the Committee voted unanimously to let the Mayor sign a contract to purchase 101 Broad Street and that post closing obligations would be secured to survive closing by separate agreement or in the contract for sale itself and the obligation to build and/or provide parking would be 6 years from the date of closing.

Nassau Street Parcel Acquisition

Ms. Cantwell said that someone may ask why they aren't releasing the contracts, as that had been the practice normally and they could say that on this one, there were two contracts with different issues, and they were electing not to release them yet.

On the motion of Councilmember Waring, seconded by Councilwoman Jackson the Committee voted unanimously to authorize the Mayor to sign the contracts for the two properties (TMS #'s: 459-05-03-001 and 005) as presented.

Magnolia Development

- i. **Consent to Assignment of the Public Infrastructure Improvements Agreement**
- ii. **Approval of Temporary Access Easement (Braswell Street)**
- iii. **Approval of Memorandum of Understanding regarding Temporary Access Easement**

On the motion of Councilmember White, seconded by Councilwoman Jackson, the Committee voted unanimously to amend the agenda to add the Magnolia Development item.

Ms. Cantwell said that what was happening was that the Magnolia property, in the neck, the line share part of it was being purchased by a group called Highland Corporation out of Texas. They were buying just about all of the Magnolia holdings except a piece. The Highland Group would become the new developer of the Magnolia property. They were a very good national developer, came with great marks, and had been easy to deal with so far. The current developer had a number of existing agreements with the City, so as part of the closing, they were assigning those agreements to Highland. One of those was the Public Infrastructure Improvements Agreement, which was an agreement that was hammered out

some years ago and it essentially said 'these are the public improvements that exist. They consist of roads, water/sewer, parks, and the bridge, among other things.' The agreement prioritized what was coming online when and the TIF monies were being used to pay for the infrastructure. The agreement says that it can be assigned to a new developer with the consent of City Council, which should not be reasonably withheld. As part of the closing, it was important for Highland to have the TIF agreement, because it would make the development work and they wouldn't close if they didn't get it.

Ms. Cantwell stated that the developer of Magnolia would be doing improvements on Milford Street and Braswell Street and they were intending to work on Braswell Street first and would be building a temporary access from Braswell Street to connect to Milford Street. Once that connection was made, they could close Braswell Street to enable the improvements to be made and it would not cut off access to Parker Marine Contracting Corporation. They were protecting that access and they would send a notice. This agreement authorized the construction and the access easement to enable the improvement of Braswell and Milford Streets. The third item was a Memorandum of Understanding that said the City was allowing this access, but it didn't mean they had approval of the construction drawings or other approvals they would have to get from the City. All the City was agreeing to was the temporary access and any other agreements would stay in place. Mr. McQueeney said the motion to approve ii. and iii. should be taken together.

Councilmember Waring wanted to confirm that the affordable housing piece that was carved out would stay the same. Ms. Cantwell said they would get the affordable housing piece, but she didn't know if they had access to it yet. They would get that and their development agreement required them to give the City affordable housing as part of the major development, as well. Chairman Moody said that all they were really doing was assigning the TIF to the new developer, allowing temporary/alternate access on Braswell Street, and telling them they were responsible for all the other things. Nothing else was changing.

Mayor Tecklenburg said they met with the developer and they were going to request some changes because the development plans might have changed a little bit. He wanted to see the replacement of the Public Service Facility moved up in time a little bit, and wanted to be sure that they provided access to the affordable housing parcel sooner rather than later, which was possible given its location on Hagood Street. He didn't know when they would be coming back to Council with that, but he wanted to let them know.

Chairman Moody asked how this was going to play out with the CSX and the railroad and asked where they were on that and if it would impact this project. Mayor Tecklenburg said they had lengthy discussions over the last two years with the Department of Commerce and Palmetto Rail that there would be impact to the future facility with the rail line loop taking a portion of the property and blocking Meeting Street. They would be able to get in and out by coming down Herbert Street, taking a right on Meeting Street, going north up to Stromboli Avenue connector that would get someone back to the port access road and over the rail and back to I-26. It wouldn't be impossible, but when the trains were in that southern bowl it would limit the access. They had asked the State to commit to putting an overpass on Meeting Street, which they had not agreed to do to date. They were also exploring other properties

that they could put the facility on. Chairman Moody said the railroad wasn't interested in putting an overpass in and they thought it was the City's problem. Mayor Tecklenburg said that was their position. They understood it was a concern for the future Bus Rapid Transit line. They acknowledged that but hadn't stepped up to the plate to commit to anything.

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

Having no further business, the Committee adjourned at 4:39 p.m.

Bethany Whitaker
Council Secretary