

Community Development Committee

May 19, 2022

A meeting of the Community Development Committee was held this date beginning at 3:11 p.m. both in person in Council Chambers at 80 Broad Street and over video conference call.

Notice of this meeting was sent out to the news media.

Committee Members: Councilmember Robert Mitchell, Chairman, Councilmember Jason Sakran, Vice Chair, Mayor John Tecklenburg, Councilmember Ross Appel (virtual), and Councilmember Perry K. Waring (virtual)(left at 4:56 p.m.). **Also Present:** Jennifer Cook, Velvett Simmons, Patrick Carlson, Geona Shaw Johnson, Matt Ojala, Rick Jerue, Julia Copeland, Christopher Morgan, Amy Wharton, Matt Frohlich, Robert Summerfield, Tracy Doran, Patrick Doran, Tory Parish, April Wood, and Jennie Stephens.

The meeting opened with a moment of silence led by Councilmember Mitchell.

Approval of Minutes

On a motion of Councilmember Waring, seconded by Councilmember Appel, the Committee voted unanimously to approve the minutes of the April 21, 2022 meeting.

Old Business

None.

New Business

1. Certification of Abandoned Building Site-95 Line Street/267 Coming Street

Julia Copeland said that this abandoned building certification application was submitted on October 6, 2021 and the reason two different addresses were listed was the building covers both properties. The applicant asked for a 25% tax break and they had met all of the qualifications for justification. The applicant intended to renovate the first unit, a 4,400 sq. ft. building on 95 Line Street, to be used as a commercial space. The second unit would be made up of two new 2000 sq. ft. constructions on 267 Coming Street to be used as short term rentals. They didn't own the green space behind the property and Ms. Copeland's office recommended approving the application.

On a motion of Mayor Tecklenburg, seconded by Councilmember Sakran, the Committee voted unanimously to approve the item above.

2. Request for funds to support Affordable Housing

a. Gateway at Charleston Senior Housing, West Ashley

Geona Shaw Johnson said that the Gateway of Charleston development team requested \$543,000 to support the construction of 69 affordable rental apartments for seniors in the West Ashley community. The team intended to assist individuals that earned at 60% and below of the Area Median Income (AMI). Various challenges in the market had resulted in rising interest rates, increased construction costs, and

supply chain issues. In addition, one of the requirements from state housing directives, who provided the low income housing tax credits, was that the developer fee remained at 50% or below. The Gateway of Charleston team had not been previously funded by the City, but Ms. Shaw Johnson's team recommended approving the requested funding and using bond funds left over from another project. She also introduced Tracy Doran in case there were any questions that could not be answered by Ms. Shaw Johnson.

Councilmember Sakran asked for clarification about some of the cost overruns and increased costs adjustments concerning this development.

Ms. Shaw Johnson said it had been impacted by multiple economic factors. The state directive to ensure that the developer's fee for conducting business stayed at or below 50% (in order to determine who was awarded low income housing tax credits) had not been achieved by this project because of the increased interest rates that went into effect before the team reached the closing table. As a result, there was a slight gap in financing that had to be addressed.

Mayor Tecklenburg asked Tracy Doran to introduce her son, Patrick Doran, and answer a couple of questions about the Archer School and Lee Street properties.

Ms. Doran said that, with funding approval from City Council, they intended to close on the Archer School property the following week and have a groundbreaking in June of 2022. Concerning the Lee Street property, when the state tax credit changed they decided to hold off and figure out the best financing path forward and to temporarily focus on the Archer School. There was a potential plan to utilize Lee Street as replacement housing for Rental Assistance Demonstration (RAD) in that area as well. She then introduced her son, Patrick Doran, as her team's Director of Finance.

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

b. Archer School Senior Housing, Humanities Foundation, Peninsula Charleston

Ms. Shaw Johnson said that this request came from the Humanities Foundation who was in the process of redeveloping the Archer School, in the Eastside community of Charleston, to build 89 affordable rental apartments for seniors. The City previously awarded \$4 million in bond funds towards acquiring the property and the Humanities Foundation now requested \$487,782, in an amendment to the original application, to address the same increased cost and supply disruption that affected other projects in the community. This funding could also come from the leftover bond fund balance.

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

3. Hope Center Budget and Amendment to Lease Agreement for use of the building at 529 Meeting Street

Ms. Shaw Johnson explained that they were considering an amendment to a lease agreement, initially executed in May of 2018, to extend the time in 529 Meeting Street until the first quarter of 2023. Initially called the Navigation Center, it had been referred to as a Hope Center which provided staff support and community partnerships to support individuals at risk and experiencing homelessness. Ms.

Shaw Johnson also presented an anticipated budget, for the remainder of the lease, of \$155,494 to provide initial maintenance and program support.

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

4. Funding to Support current & future Affordable and Workforce Housing in the City of Charleston (Electronic Presentation)

Matt Ojala gave a presentation and discussed the current state of affordable housing in the City of Charleston and what tools could be adopted to address the disparity. Various projects around the City that qualified as low income housing tax credit developments received multiple revenue streams including bonds, fee in lieu, and Tax Increment Financing (TIF). Despite this, eight developments, who were initially fully funded, have expressed the need for additional funding. In order to anticipate funding sources for the next five years, it was necessary to consider the amount of needed units, project requests and available funding. Available funding at the time was \$3,247,664-without approving the three outstanding project requests. Mr. Ojala and his team projected an additional \$26,000,000 becoming available over the next five years. It had been previously determined that it required nearly \$59,000 of investment to create one unit of affordable housing under the current system. As a result, only 504 additional affordable housing units would be facilitated by direct City involvement by 2027. That left four remaining years to address an affordable housing gap of over 14,600 units in order to keep pace with community expansion. He suggested the City enable a more substantial dedicated funding stream in order to facilitate aggressive affordable housing development. In addition, City Council could build off of the success of the 2017 \$20 million housing bond referendum and seek another bond referendum and additional tax abatements.

Councilmember Mitchell said certain state tax credits expired after 15 years which would change the affordability of certain housing arrangements. Mr. Ojala said that one way to address that was utilizing ground leases which allowed the City to control the property for, typically, around 60 years and help ensure long-term affordability.

Councilmember Appel said that he acknowledged how difficult it was to create proposals with limited funding streams, however the current trajectory doesn't bring the City close to reaching the projected needs of the community in the coming years. He suggested doing all of this proposed strategies in addition to reforming the zoning code and refining the development review process.

Mr. Ojala said that he constantly met with developers who were interested in creating affordable housing but they were focused on what the City could contribute. By diversifying the means to achieve affordable housing status, it could be possible to engage more developers to pursue this agenda.

Councilmember Sakran asked if it was possible for a developer to create affordable housing units without seeking gap funding. Ms. Shaw Johnson said that often developers strategically add the spectrum of market rates in with affordable and workforce housing to make it work.

Councilmember Sakran asked if delays and challenges with zoning or permitting were major contributing factors to the unaffordability of some of these progressing developments. Ms. Shaw Johnson said that she was only aware of two different projects that had scaled back their applications because of

stormwater requirements and a lengthy City review process. So it was not a factor for the majority of applicants, but it was a consideration for several community development applicants.

Councilmember Sakran asked how many developers had opted to build affordable units versus paying the fee in lieu since the ordinance was changed in 2021. Mr. Ojala said that most developers have chosen, almost unanimously, to pay the fee in lieu. He said it was too early to determine the direction of future trends. Also, some developers who were in the process of rezoning have expressed interest in building some affordable units onsite in accordance with the escalating fee structure introduced last year.

Councilmember Sakran said if the community is in need of nearly 15,000 affordable housing units within the next decade, the question of development turns to a discussion concerning available space. Mr. Ojala said it was important to consider where density makes sense from multiple perspectives and to focus on building taller structures that can accommodate more units and still be supported by local infrastructure.

Mayor Tecklenburg said that the Charleston Redevelopment Corporation is helping maintain the affordability of multiple properties by securing properties in order to track and preserve some of the available affordable housing units. He mentioned that the County planned to put a referendum on the November 2022 ballot asking citizens to approve \$2 million for several affordable housing projects. He said that this could be a significant investment in community housing options and suggested doing more to support these efforts by restructuring zoning parameters to accommodate more development options.

Councilmember Waring said that it was important to maintain the current administrative focus on affordable housing, however, there needs to be more engagement with more private development teams. Land cost remained the most significant factor in determining project feasibility, so by addressing zoning and land use code flexibility, more developers can invest in more affordable projects. In addition, by increasing local building permit fees, and dedicating that revenue stream to affordable housing efforts, more aggressive development action can be implemented.

5. Board of Architectural Review (BAR) Small Policy Amendments property (Discussion only)

Tory Parish introduced herself as an architect and preservation officer for the City and presented on her department's work on updating Board of Architectural Review (BAR) policy to allow for increased flexibilities and clarity on repairing and replacing historic building elements north of Line Street and south of Mount Pleasant Street. By seeking a balance between preventing the loss of historic materials and accommodating pragmatic solutions to specific property issues, the City can address the issues of preservation and affordability more directly. She said it was important to address the persistent loss of small details on windows, columns, and doors in order to maintain the character and integrity of older architectural styles. Clarifying which materials were appropriate to use when replacing and updating certain structural features, a structure could be secured against material aging and preserved for its historic character. This new policy will not extend the purview of the BAR and will not prevent insensitive elevations, additions and intrusions to a given streetscape. She said that the overall form of individual structures and how it creates an identifiable streetscape, the details, and the overall form they contribute to, both matter and need to be considered during any review or updating process.

Councilmember Sakran asked for clarification about the influence of the BAR, specifically around Ms. Parish's earlier reference to updating policy consideration for window character and details.

Ms. Parish said that, under the current policy, any demolition in this district must be approved by the BAR without providing any information concerning a replacement proposal. By engaging with these requests on a staff level and requesting more information concerning any replacement, these updates can be managed in a more meaningful, timely, and community-oriented manner.

Councilmember Sakran asked for an explanation about what had specifically changed with the new proposed policy because multiple constituents in his district had applied for BAR reviews and were ultimately denied and eventually moved off-peninsula due to rising expenses. By creating a clear menu of application and replacement options, more people could perform repairs and updates in a preservation-centric manner. Ms. Parish said that this new policy did encourage the creation of that list of options and facilitated a permit center than could help people in a single day rather than wait on a lengthy review process over minor details and requests.

Councilmember Appel said that the well-intentioned motivations behind historic preservation zoning parameters had created an environment that facilitated adverse affordability and gentrification effects. He said it was important to strike the right balance between interest groups, preservation, and individual owners that allowed for growth, livability, and conservancy. He said old BAR regulations had accelerated peninsular gentrification and that needed to be addressed so regular property-owning individuals were not penalized for trying to update their buildings in an affordable and sustainable manner.

Ms. Parish said that while BAR regulations posed a challenge to many citizens that needed to be addressed, there were multiple studies and examples of how protected historic districts actually helped prevent gentrification.

Councilmember Sakran said the demands and complexity of the application process was an inhibitor for many people and multiple constituents had cited specific regulations and ordinances that had driven them from remaining on the peninsula. Any policy update needed to address those concerns and support a community that valued individuals and not buildings.

Ms. Shaw Johnson said that her department managed a rehabilitation and preservation fund that assisted certain residents who qualified. In addition, the Historic Charleston Foundation and the Charleston Redevelopment Corporation had established the Common Cause Loan Fund that specifically helped address exterior repairs for historic homes in order to help mitigate the number of people who would otherwise be forced to move.

Councilmember Waring agreed that the expansion of historic and protected areas exacerbated certain elements of gentrification and asked how it was possible to update energy inefficient structural elements while preserving their historic and architectural integrity. Ms. Parish said that the proposed policy allowed for different replacement options and it was important to gather the appropriate figures in order to look at the long term cost effectiveness of home maintenance in this historic district.

6. Initiative to establish a program for the preservation of heirs property (Discussion only)

Jennie Stephens introduced herself as the CEO of the Center for Heirs' Property Preservation and said that she wanted to present the overall picture of what this organization worked to address. Typically,

heirs' property is land that had been passed down without a will. In addition, the family in question did not probate their loved ones' estate within the time allotted by South Carolina state law so they ended up owning it jointly. Unfortunately, that means they could not get a typical mortgage, they had limited access to various funds for housing repairs, and they could not access FEMA funds in the event of a natural disaster. In short, they could not leverage this asset to stimulate personal or community economic growth. This organization's mission was to protect heirs' property and to promote sustainable land use to provide increased economic benefits to historically underserved landowners through education, legal services, and sustainable forestry technical assistance. Over 3,500 individuals had received free advice and counsel sessions, with hundreds of families benefiting from available expertise and land management resources after clearing over 300 land titles on 1,380 acres of family land. This organization used an empowerment philosophy as motivation to educate people to help generate income for themselves and move out of impoverished scenarios without government handouts. The Center employed 33 individuals with a \$4.6 million budget and resolved dozens of titles every year-169 of which lived in the City of Charleston.

Mayor Tecklenburg said that he recognized the difficulty in raising funds in order to help as many people as possible and asked if there were any other barriers that prevented people from reaching out for assistance. Dr. Stephens said anyone who had heirs' property could apply for their services. The only restrictions were related to individuals that intended to sell their property. Those individuals would be advised to contact a for-profit attorney to resolve their case because the legal fees could be paid from the proceeds of the sale.

Mayor Tecklenburg asked if the City provided any regular assistance to her organization and Dr. Stephens said that they had successfully applied for some support from the American Rescue Act funds and anticipated receiving that money soon.

Councilmember Sakran asked if it would be helpful to have a discussion about creating a fund for continued support and asked Dr. Stephens to explain any obstacles that her organization was currently experiencing. She said that educating the community was the most time consuming element of their administrative practices but would be interested in establishing a partnership to help educate anyone the City recommends needing assistance. Any additional legal assistance would need a dedicated revenue stream from the City to support those services.

Councilmember Appel said that Charleston County could also change how property tax bills were handled in order to alleviate the burden experienced by some heirs. Within the City, establishing a fund to hire legal assistance for these families could help to keep more individuals in their homes and simultaneously ease the burden of securing more affordable housing options.

Dr. Stephens said that more resources would be necessary to dedicate time to support the efforts of the City of Charleston, but was interested in discussing how to facilitate that relationship.

Mayor Tecklenburg said to continue the good work with their current programming and consider applying for a grant from the City that specified how many people would benefit from a City-sponsored contribution so that the Center can expand its role without asking the City to duplicate their efforts.

Having no further business, the Committee adjourned at 5:16 p.m.

Patrick Carlson
Clerk of Council's Office