

## Committee on Real Estate

July 27, 2020

A meeting of the Committee on Real Estate was held this date beginning at 3:06 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:** Susan Herdina, Jennifer Cook, Jeremy Collins, Nicole Scott, Chip McQueeney, Leigh Bailey, Christopher Morgan, Rick Jerue, Richard Davis, Geona Shaw Johnson, Amy Wharton, Matt Frohlich, Steve Saltzman, Charlton deSaussure, Ginger Davis

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

### Approval of Minutes

On the motion of Councilmember Waring, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the minutes of the July 13, 2020 Real Estate Minutes.

**Authorization for the Mayor to execute a Memorandum of Understanding and Agreement between the City of Charleston and Epic Center, LLC that to the extent possible, TIF bond proceeds and TIF revenue will be spent to fund the cost of public infrastructure improvements on property in an amount not less than an amount equivalent to the amount generated by property identified in the MOU. (Citadel Mall.)**

Ms. Herdina stated that this was basically a MOU and agreement. They would be coming back to Council at a later date with an ordinance. Basically, it provided that for TIF revenue and proceeds that were generated in relation to the activities of the property, those proceeds and revenues would go back to the public improvements on the property. This showed the City's intent that to the extent the TIF revenues were generated as a result of this development that then the public improvements would be used to further the infrastructure and related matters. One thing that was important to the City overall was to make sure that there would be other TIF revenues available for other projects in that area. So, this agreement did that by restricting the revenues and proceeds to the property as was defined in the agreement. There was a list of TIF numbers and properties attached to the agreement if anyone had questions about that. They would also see in the agreement that there was a commitment to work on additional affordable housing. That was another good feature. She wanted to note one point and that was that the attorney for Epic Center contacted her that morning and they had in the agreement that it was a MOU between the City and they called it the Epic Center, LLC as the owner. But, it should be Epic Center, LLC as the developer. That was an error that they were in the process of correcting and there would be a corrected agreement to Council for consideration the next night.

Mayor Tecklenburg stated that he did request that they have a short executive session for a legal questions before they took any action. Councilmember Waring said that he would defer his questions for the executive session. Councilwoman Jackson stated that she wanted to clarify the position of the school district with this and if they were participating in the TIF. Chairman Shahid said he thought they had taken a pass on both of the last two TIF's recently. Councilmember Waring said that he thought they were partially in this one. Mayor Tecklenburg said he thought that was right. They had limited their exposure, so to speak, by way of percentage and/or number of years. When they did the TIF out on Bees Ferry, they had opted out completely on that one. He asked if that was correct. Mr. deSaussure said he thought that was correct. He thought it was around 48%. Ms. Wharton said it was around 40% they participated.

Mayor Tecklenburg said that Ms. Herdina mentioned that after this they would still have to do an ordinance. He asked for more explanation and what the timing would be like on that. Ms. Herdina said that she would defer to Mr. deSaussure because he knew the process a little more, but it was her understanding that they would have to do an ordinance that would actually set forth the particular infrastructure projects that they would be funding with the TIF revenues. Mr. deSaussure said that he just picked up the ordinance that answered the County and the School District's participation. The County was participating for 20 years which was a limitation as compared to the City's participation. It was all the revenues but it was a 20 year participation, and the school district would continue to receive 55% of the tax revenues they would have received but for the establishment of the TIF district, so the 45% number was correct as to the amount of TIF revenues that the City would get from the school district. As for the ordinance process, this MOU acknowledged it but expressed the intention that a lot of this would be formalized in the actual Public Infrastructure Improvement Agreement, which was similar to the document the City had with other TIF Districts. This was the first step that outlined the parameters of what that agreement would say with much more specificity.

On the motion of Mayor Tecklenburg, seconded by Councilwoman Jackson, the Committee voted unanimously to go into Executive Session at 3:17 p.m. to discuss a legal matter related to the above item.

On the motion of Councilwoman Jackson, seconded by Councilmember Waring, the Committee voted unanimously to come out of Executive Session at 4:13 p.m.

Chairman Shahid stated that no action had been taken in executive session. Mayor Tecklenburg stated that the intent of the amended agreement was to get the next step done within that time period and that was the ordinance that would specify infrastructure improvements to be agreed upon between the City and the developer. Chairman Shahid said hopefully this was the next step in the process. They appreciated the Davis' being patient with them and appreciated the work they were doing with the project.

On the motion of Councilmember Waring, seconded by Councilwoman Jackson, the Committee voted unanimously to approve the above item with the amendment that it would include a new paragraph '8' with added language based on the following of 'this agreement shall expire within one year of its ratification/approval, unless otherwise extended by agreement of the parties'.

**Discussion about use and zoning re: LDC Property at 2 Race Street**

Chairman Shahid stated that Councilwoman Jackson had contacted him about this. Councilwoman Jackson stated that she thought it could be a very brief. She had gotten a preview of an item that would hopefully come to the Real Estate Committee as this idea moved forward. She was basically representing herself as a friend of a local development corporation. Their CEO, Steve Saltzman was on the call with them. On behalf of the LDC, in preparation for any votes they might take in the future, they thought it would be helpful to preview and think about what they thought was a great idea on its face for 2 Race Street, as well as a perfect time for a model for the City to continue to work in private/public partnerships. The LDC was very much on the drawing board for ideas right now. They hadn't begun to look for financing yet, other than to know that they might want to tap into the PUD 202 Financing program for senior housing. But, right now LDC owned their headquarters property on the corner of Race/King. It was a one-level, low-rise building. It was very nice on the inside. They had done a great job in opening it up and making it a state of the art cubicle type work space. They had a huge parking lot and height to take advantage of. In this world in wanting to put attainable housing, especially for seniors, in a neighborhood like they were occupying that was beginning to come alive, they wanted to have some control over housing affordability in that whole district. They were working with Mr. Lindsey to brainstorm the best way of redeveloping their property for a mixed-use opportunity to have senior housing and some kind of commercial office space that she thought would continue to be an incubator for the kinds of businesses that LDC had been very successful in helping to finance. She thought that was all they needed to know right now, but they could also hear from Ms. Shaw Johnson or Mr. Saltzman if necessary. They wanted to put it forward as a placeholder idea that would be coming back through for a rezoning to MU-1, as well as any other decisions they might need to make down the road.

Councilmember Waring thanked Councilwoman Jackson and asked if they could recognize Mr. Saltzman. Mr. Saltzman thanked them for letting him speak. They thought it was an underutilized opportunity. There were a lot of persistent themes he had heard since moving to Charleston. They were looking to build permanent senior affordable housing. Another thing they had heard was that there were millions of dollars of public contracts and only about 2% of it went to black-owned businesses. They wanted to do a project where they could employ Black design professionals and contractors. They were working on identifying them already and had been in conversation. The third theme was how they could support black-owned businesses on the Peninsula. They would try to use every trick in the Community Development playbook to create affordable, commercial space so they wouldn't have to leave the Peninsula when rents rose. He was happy to entertain any questions.

Chairman Shahid asked if Ms. Shaw Johnson would offer any insight on what they were discussing. Ms. Shaw Johnson stated she also served on the Board for Charleston Redevelopment Corporation. So, Mr. Saltzman and his team were utilizing some of the former UDAG funds to facilitate predevelopment activities around this idea. They thought it was a fabulous idea because it incorporated an answer to providing affordable housing for seniors. In addition, it also expanded the opportunity for entrepreneurial opportunities and offices on the Peninsula. This was presented to the Charleston Redevelopment Corporation Board and they unanimously supported and approved Mr. Saltzman and his team moving forward to begin to look at the engineering, and design.

Mr. Morgan stated that from the Planning Department's standpoint, they were happy to work on this and thought it was a great site for affordable housing. They were happy to help how they could. Councilmember Waring said that he thought the issue was that the property was currently zoned GB. As Councilwoman Jackson said, they wanted to go to MU-1, which would give them greater flexibility. The second issue was one of height because they were in a 2.5 story height district. Chairman Shahid asked how big the property was. Councilmember Waring said that it wasn't very many acres. It was about 4,500 square feet of building right now. The building used to be a doctor's office. Chairman Shahid said that when it was built back then it was a huge improvement for the area. Councilmember Waring said that it sat in nice location that had the opportunity for some new market tax credits. It was a win-win on many fronts. Mayor Tecklenburg said that this was a great idea. Councilmember Waring asked what the next step would be. Mr. Morgan said they would get together with the LDC and look at getting a rezoning application in for the MU-1 and also get the height district change application in.

**Request approval to accept the Rotary Club of Charleston's Gift of Statuary to complete the Rotary Fountain located at the corner of King and Calhoun Streets (a portion of 460-16-04-005)**

Mr. Kronsberg stated that this was a project that they started on about two years ago with the Rotary Club. There was a lot of planning and discussion and they ended up gifting all of the sculpture work created by a local artist and the City had it installed into the Rotary Fountain at Marion Square. It was a series of local and native fauna. There were a number of different birds and animals. It was a very nice, whimsical addition to the corner and the streetscape. It was determined at some point in time that it would be gifted to the City, so this was the formality of receiving that gift from the Rotary Club. Chairman Shahid stated that he, the Mayor, and Councilmember Brady were members of the Rotary Club and this was part of their 100<sup>th</sup> Anniversary gift to the City. Councilwoman Jackson stated that she had been sitting in on the DRB over the last few months. She got the impression that this was supposed to be 'playful and lighthearted'. She thanked the Rotary Club. Councilmember Appel stated that he particularly liked the otter in this design. It was beautiful art.

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

Having no further business, the Committee adjourned at 4:33 p.m.

Bethany Whitaker  
Council Secretary