



CITY OF BEAUFORT
1911 Boundary Street
Council Chambers
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070
REDEVELOPMENT COMMISSION AGENDA
October 6, 2011

PLANNING CONFERENCE ROOM – 1ST FLOOR
1911 BOUNDARY STREET

5:00 P.M.

I. CALL TO ORDER

II. REVIEW OF MINUTES

September 1, 2011

III. REPORTS

- A. Finance Committee
- B. Commercial Committee
- C. Residential Committee
- D. Bladen Street Project
- E. Boundary Street Project Update

IV. PRESENTATION

- A. Office of Civic Investment – Sectors 2 & 3 Charrette Presentation

V. DISCUSSION ITEMS

- A. Comprehensive Plan Amendment – Civic Master Plan: Volume I: Sector 1: Downtown

Proposed Mission Statement

The City of Beaufort Redevelopment Commission has been established to renovate, revitalize, and regenerate distressed areas of Beaufort.

BRC's mission is to lead a coordinated strategy of redevelopment and design strengthening the City of Beaufort as:

- The heart of economic development for Northern Beaufort County
- A prosperous place for business and institutions; and
- An attractive urban environment for residents and visitors

NOTE: IF YOU HAVE SPECIAL NEEDS DUE TO A PHYSICAL CHALLENGE, PLEASE CALL IVETTE BURGESS 525-7070 FOR ADDITIONAL INFORMATION

STATEMENT OF MEDIA NOTIFICATION

"In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media were duly notified of the time, date, place and agenda of this meeting."

A meeting of the Beaufort Redevelopment Commission was held on September 1, 2011 at 5:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Chairman Jon Verity and Commissioners Mike McNally, Wendy Zara, Martin Goodman, Mike McFee, Keith Waldrop and Scott Dadson, City Manager. Ed Barnhart attended by telephone.

Henrietta Goode and Pat Kase were absent.

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media were duly notified of the time, date, place, and agenda of this meeting.

CALL TO ORDER

The meeting was called to order at 5:00 p.m. by the chairman.

REPORTS

Residential Committee

Commissioner McNally said Eric Brown and Jim Moss have projects that are in the planning stages. In regard to the demolition of vacant and falling down structures, Historic Beaufort Foundation has put together a brochure of the properties, including photos and information about the location, condition, and what the owners are considering doing. He shared the contributing homes that could potentially be redeveloped. Julie Goode will provide a list of houses that need to be demolished with the lots to be cleaned up and redeveloped. On city-owned property, lots are to be assessed by the Office of Civic Investment for possible residential uses; some may fit into the Habitat for Humanity program. The largest property, on Lafayette Street, is being considered for a partnership with Beaufort Housing Authority for use with Lowcountry Housing Trust money to do a multi-building project with a mixture of affordable housing, market rate housing, etc. They would like to use green LEEDS technology on the sites. The city would donate the land and the Redevelopment Commission would put out an RFP for local developers to submit a design/build concept and then evaluate them.

Commissioner McNally said that the committee will be working with Historic Beaufort Foundation to “take a whole new look” at the buildings that are falling apart. Currently the city’s money is being put at risk, so the committee will “try to find some key to make them work properly.”

Finance Committee

Commissioner Zara said the approval process of Lowcountry Housing Trust is happening and is the main thing going on for this committee. A meeting will take place in September for bankers only. When both Port Royal’s and Beaufort’s councils have approved Lowcountry Housing Trust in two readings, meetings of stakeholders will begin.

After the next round of charettes, there will be work done on lowering the capacity fees for water and sewer as incentives, Commissioner Zara said.

Commercial Committee

Lowcountry Produce is moving along, Commissioner Goodman said, they have decided that they will lease the parking lot adjacent to the building which used to be the city employees' lot. They expect to open the first week in October. They would like to involve the city and the commission in a grand opening event.

Commissioner Goodman said there is renewed interest in all of the Hoogenboom properties. The committee is working out a strategy for interested parties.

Chairman Verity said participation by commission members in the next charettes is as important as it was for the Sector One charette.

PRESENTATION: SETH HARRY

Mr. Harry described the Beaufort market and its position in the region. Local roads are situated to pull traffic around the city, he said, not through it. The street network encourages retail centers to be developed *around* the perimeter of the city. The corridors are zoned commercial, and the amount of retail there is only a fraction of what's allowable. Downtown Beaufort is the "center of the donut," and people must drive past it to access the retail available in the city proper. He showed figures that indicated the likelihood of people frequenting the downtown shops in a five minute drive-time – which is the greatest likelihood – then the people who have a 10-minute drive-time is fewer, and a half-hour of drive-time away is fewer still.

Mr. Harry showed the demographics of the populations in each of these three markets. The five-minute drive-time population has a lower household income than the others. Chairman Verity asked if there was value in looking at "worth per household" rather than at household income. Mr. Harry said there are difficulties in assessing demographics in Beaufort. The demographics of the groups in and around Beaufort suggested that household incomes were viable numbers to look at for spending potential in the community; that potential is only an indicator of potential demand.

Mr. Harry went on to show numbers of 'gross demand potential' relative to 'demand potential estimated supply.' In Beaufort, there is a surplus of supply of \$86 million in annual sales; that is greater than what the local consumer within the 5-minute trade areas can use. In the 10-minute trade area, it diminishes some, but in the 30-minute drive-time area, it is more equitable. Commissioner Waldrop asked if the excess supply was based on resident households and not visitors, and Mr. Harry said that was correct. There are two scenarios; one is that there is more retail than consumers, or there's a net inflow of consumer dollars into the marketplace. Chairman Verity asked how the military was accounted for. Mr. Harry said the full-time military are counted as residents. The impact of the military and the families who visit for training is like the visitors market, Mr. Harry said, and it's a difficult component of the market to get hard data on. They can look at other indicators to see if they're looking at a healthy market or one that is relatively oversupplied and over-stressed.

Mr. Harry said an informal analysis of the sales productivity numbers for retail and restaurants in downtown Beaufort showed a range of \$30-\$80 per square foot with some notable exceptions, and for restaurants, a \$200-300 per square foot range. This indicates that they appear to be underperforming relative to national standards, he said.

Commissioner Goodman asked if this means there is too much supply relative to demand, and Mr. Harry said yes. It says that they are underperforming, and though restaurants are doing better than most retail, it depends on the restaurant. Those restaurants targeting more affluent consumers seem to be doing better than those targeting those with more modest incomes. The message, Mr. Harry said, is that Beaufort is over-retailed relative to what Beaufort can support. There is a legitimate challenge indicated, Mr. Harry said.

Commissioner McNally said the upscale restaurants seem to be doing well, and the upscale stores seem to do well; in specialty goods stores, he wondered if Beaufort was maxed out, or if there were other specialty stores or upscale restaurants that could capture the market. Mr. Harry said there are opportunities, but the downtown as a whole is under-performing.

Mr. Harry said “psycho-graphics” help chains make more precise targets of where to locate; it tells more about consumer and lifestyle preferences, education, etc., than typical demographics. The report details dining, shopping, etc. preferences. The groups that make up the market in Beaufort are: Midlife Junction, Up and Coming Families, and Great Expectations. Further out are Rural Bypasses, Military Proximate, and Silver and Gold. He explained what groups these terms referred to.

Mr. Harry said Beaufort represents a modest market with modest aspirations. Some who live here come from more diverse markets where other consumer goods are more readily available, but what’s here is a representation of what the market looks like. Up and Coming Families is one of the best long-term capture potentials, Mr. Harry said; it is young in median age with a high level of disposable income.

Don Starkey asked what levels of income these various groups have. Mr. Harry referred to the report and said that the Up and Coming Families group is definitely above average, but most are less than the average. “Lifestyle centers,” the higher-end retail formats, had a standard rule to build in areas where there were 75,000 households with \$75,000 annual income in the five-minute trade area. That’s what’s needed to support the kind of retail that some groups like Up and Coming Families might want.

Mr. Harry went on to analyze the primary reasons for visiting downtown Beaufort. The primary reasons were recreational activities, work/business, and visiting cultural and historical attractions. There was a fairly large group of locals visiting downtown at any given time. Those who live in Beaufort had a relatively high level of visitation downtown. He showed an analysis of shopping and dining frequency in downtown Beaufort; it averaged 1-3 times a month. 45% spent between 0-\$25 per visit. The most appealing aspect of Beaufort is the physical environment. Least liked was traffic congestion, lack of parking, and expensive parking, which

Mr. Harry said is typical in towns of Beaufort's size. The interest in national chains question indicated that consumers liked independent retailers or a mix of independent and national chains. They would like to see those national retailers on Boundary Street, rather than in the historic corridor, Mr. Harry said.

The threats are nearby shopping centers competing for local purchases; internet and Hilton Head Island compete for shoppers' goods; Tanger Factory Outlets have a fashion/apparel focus which makes it harder to get full-price retailers because they don't like to be too close to their outlet stores; ad hoc visitor experience is "really very all over the map," Mr. Harry said.

Strategic opportunities are the unique physical setting; congestion on Highway 278 (nobody goes there anymore, it's too popular); catalytic/transformational uses; and changing demographics toward more urban lifestyles.

He listed the critical issues explored in the Sector One charette, i.e., market positioning, merchandising plan, coordinated operating hours / comprehensive management; lighting, parking, etc. These issues were discussed with local merchants and other organizations in the community.

Mr. Harry detailed ideas for a strategic response: capture a larger share of the market; capture a larger share of the visitor market; embrace change while retaining core strengths and attributes (pursue catalytic projects); and diversify economy / appeal. Mr. Harry said when they look at trade areas, they make assumptions about capture, i.e., 70-80% can be captured in the 5 minute area, not 100%. Commissioner McNally said he was trying to figure out who the paying customer is. Mr. Harry said Commissioner McNally was referring to spending potential. Everyone looks at Silver and Gold and sees money there, but they only represent a small proportion of the total market. Those dollars aren't significant enough to tailor an entire downtown to that group. Modest income and lifestyle aspirations are by and large being met outside of downtown. Golden Corral is the highest-grossing restaurant. If they are "to chase the fat part of the market," that group is already being served by the suburban arterials, according to Mr. Harry. The downtown merchants have said they're positioned to capture the market they think they can best appeal to, which is visitors. So locals don't go downtown because those retailers don't have what appeals to locals, but the downtown merchants say locals are served by Wal-Mart, etc., so they don't carry what locals want.

Commissioner McNally said the local market depends on the people who live here. The visitors market would seem to be the target to bring more people into Beaufort. Mr. Harry said a small increment of change in that market can end up being a huge difference in money, but Beaufort competes with Savannah, Charleston, etc. Mr. Harry reiterated the challenges related to this.

Demetri Baches said what they are discussing now is what's to be done in the immediate term, and the real answer is to make change in the long-term. Mr. Harry said part of the challenge in a market like Beaufort is a modest local market, a potential visitors market, and how should this be responded to. He said a lot of what he's heard is that the future lies in bringing more visitors

here; when the visitors fall for Beaufort's charms and become residents, they miss the retail they had where they were before they moved to Beaufort. But if that retail were here, Beaufort might lose the charm that brings people to it.

Mr. Harry went on to list other strategic responses which include redefining what constitutes downtown Beaufort; broadening the diversity of goods and experiences within the "niche" focus, while avoiding unanticipated / unwanted "niche" stigmas (sending out the right message to the right customers); creating a flexible, robust framework to guide change in an organic, but consistently positive, direction.

Mr. Harry went on to enumerate the aspects of comprehensive management. **Mayor Keyserling** said, in relation to those who work downtown, if they could figure out a way to consolidate the offices that left downtown and went into the sprawl, could it have an impact? Mr. Baches said it would only work short-term. A larger employment base downtown will make little difference because those people shop differently; long-term, there needs to be a broader population base downtown. Mr. Harry said pursuing businesses that left won't be a fruitful return on investment. There are businesses, though, that would appreciate a downtown environment. If they live and work downtown, there's a full-spectrum of uses. Downtown office workers tend to patronize restaurants at noon, then those downtowns become virtual ghost towns after the offices close. In reality, they need many things, not just that facet of demographics.

Lanelle Fabian asked if the numbers would change at a different time of the year. Mr. Harry said they moved the survey around to get a broad base, but it's a small enough market that being in one place at a certain time of day or day of the week could be more heavily weighted. He doesn't think this is a definitive survey, "more of an illustrative one."

Mr. Starkey asked if the survey was done during the day. Mr. Baches said it was done over several days, mostly during working hours, with a couple of evenings. Mr. Baches didn't know the total number of people surveyed. Mr. Harry said it wasn't meant to be definitive. They did overlap dining hours. Every attempt was made to make it "as broadly, reasonably representative as possible."

Mr. Harry compared the current marketing plan with the proposed merchandising plan to optimize the plan and capture the broadest possible market. It showed the current Marina redeveloped as a park. There are recommendations based on enhancing the physical environment with merchandising, signs, etc. In terms of building design, there are stringent rules for modification, but the process can be simplified while maintaining the downtown architecture and its uniqueness. The downtown code can be simplified and clarified, Mr. Harry said. Other strategic responses include: Incentives can be created; events can be more targeted for residents, not just visitors; initiate merchant enhancement policies / programs; initiate merchant recruitment strategies; ensure more jobs and more people are living downtown.

Mr. Harry reviewed future demographic trends that will come into play with retiring Baby Boomers and Generation Y. Beaufort could be an attractive community for a new generation to move to, Mr. Harry said, among the demographic that is “experience-driven” in their choice of places to live.

Mr. Harry said in general observations and recommendations:

- Need to refine and sharpen market positioning strategy
- Secure more detailed information on the visitor market and update frequently
- Restaurants are leading the curve in setting the tone and “proving the market.” Retail needs to follow suit.
- Hours / days of operation are a problem and the biggest short-term impediment to market share.

Other ideas, Mr. Harry said, are in the report

Mr. Harry said it’s essential to think strategically. In summary, he said, Beaufort is a modest local market, further challenged by the current recession; there is a large supply of commercially zoned land just outside of town that will continue to co-opt retail; and there are physical constraints represented by the historic downtown core.

Response: increase market share by offering a broader array of branded merchandise; develop and enhance the local consumer market in both size and demographic attributes; and capitalize on the demographics.

ADJOURNMENT

There being no further business to come before the commission, Commissioner Goodman made a motion to adjourn, second by Commissioner Zara. The motion passed unanimously and the meeting was adjourned at 6:33 pm.

ATTEST: _____
IVETTE BURGESS, CITY CLERK