

A meeting of the Beaufort Redevelopment Commission was held on March 15, 2016 at 7:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Chairman Jon Verity, Commissioners Billy Keyserling, Mike McFee, Phil Cromer, Stephen Murray, Steven Green, and Frank Lesesne, and Bill Prokop, city manager. Commissioners Mike Sutton and George O'Kelley were absent.

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

MINUTES

Chairman Verity called the Redevelopment Commission meeting to order at 7:03 p.m.

Commissioner Murray made a motion, second by Commissioner Green, to approve the minutes of the February 16, 2016 Redevelopment Commission meeting. Commissioner Keyserling abstained from voting because he was not present at the February meeting. **Deborah Johnson** requested that on page 6, in the Housing Rehab Grants paragraph, in the phrase “. . . asked how the Redevelopment Commission wants to handle this grant,” it be changed to “this *type* of grant,” and on page 7, in the fourth paragraph, “the whole sector” should be “the whole *city*.” **The motion to approve the minutes as amended passed 6–0.**

WHITEHALL UPDATE

Mr. Prokop said that “an out of town developer” had signed an agreement that day to take over the Whitehall property. Chairman Verity said the developer has “been here a couple times.”

PROPERTY SALE OF EXCESS LAND COMPLETED

Mr. Prokop said the city had advertised properties for sale and had sold six of them. Those who had submitted bids that were denied have been notified. In most cases, the minimum bid prices were received, he said, and that money will go into the land fund for future development. Mr. Prokop said the city had received close to \$100,000 from these property sales.

MAIN STREET BEAUFORT USA & BEAUFORT REGIONAL CHAMBER OF COMMERCE MERGER

Chairman Verity said Main Street Beaufort and the Beaufort Regional Chamber of Commerce “have merged.” Commissioner Murray said this was effective as of a meeting on the previous Friday morning. It’s “not technically a merger,” he explained: Main Street Beaufort will maintain its 501c3 (nonprofit status); Main Street Beaufort’s executive director, **LaNelle Fabian**, is now a Chamber of Commerce employee. Events and festivals should look similar to the way they did when Main Street Beaufort produced them, Commissioner Murray said. **John Dickerson** explained that the Chamber of Commerce, its tourism division, and Main Street Beaufort are all independent of one another, but they are all under one umbrella.

Mr. Prokop said **Blakely Williams** and the chamber’s board members would be coming to a council meeting to update it on the changes. Commissioner Murray said this had resulted from the city’s decision not to fund Main Street Beaufort “from the parking side,” and the Shrimp Festival cancellation, which had put the organization in “dire financial straits.” He said he

applauded the chamber for taking this action.

PARKING AT 500 CARTERET STREET

Mr. Prokop said public parking officially started at the 500 Carteret Street lot today. It costs 50 cents an hour and is an 8-hour lot. “The back area” of it will be for downtown employee parking, he said, and should be ready by the end of the month; construction on it starts tomorrow. The lot will not be paved until the city knows what it will do with the property long-term. There will be about 75 spaces, he said, with 40–45 for the public and the rest for employees.

Mr. Prokop said the parking committee is looking at reconfiguring the marina parking lot, as well.

PARKING GARAGE

The parking task force had recommended a parking garage, so an RFQ had gone out, Chairman Verity said, and there had been “several” responses. What happens with “the sales tax” for capital improvements will be “a key element in whether we can afford to have a garage or not,” he said.

ARTS OVERLAY DISTRICT UPDATE

Chairman Verity said **Dick Stewart, John Trask**, “and other developers,” with “the support of other groups in town,” had presented the idea of building “tiny houses” (also known as accessory dwellings) on underutilized lots in the city. The next step is for developers to bring plans for these structures to the Historic District Review Board (HDRB), which would consider preapproving them. Developers then could move forward with these preapproved plans, which should work well with the new form-based code, Chairman Verity said. The structures would need to be sited properly, use the correct materials, etc. The project might include artists living in the houses; they could potentially use their spaces to show their work.

Ms. Johnson said “at the last meeting,” they had decided “it might not be an overlay district.” Instead, the development could be in four different neighborhoods, so it “would be expedient . . . to do it within the code,” she said. The arts council, of which Mr. Stewart is the board president, could encourage artists to use the houses. There are already two overlay districts (conservation and preservation). This is also not really an RDC project, Ms. Johnson said. It’s in the process of staff review.

Commissioner Keyserling said he’s concerned with the dwellings’ “fast design” and their “being able to sell.” Encouragement of accessory dwellings is in the current code, he said, and he’s sure it will be in the new code, too. He asked if “the use part of it” would be addressed in the new code. Ms. Johnson said, in regard to “the speediness of it,” there would be preapproved plans that would go to the HDRB first, if the structures were in the Historic District. Those that are outside the Historic District go to staff for siting and preapproval. Under the new code “as it stands,” Ms. Johnson said, in the Northwest Quadrant, plans would be approved by staff, “if

there are not preapproved plans before the code is approved.” As to the use of the structures, she said, staff is proposing a third home occupation category: “artisan-based” businesses.

Ms. Johnson said if this project goes forward “as planned and the way they’re projecting,” it would “center in the Northwest Quadrant naturally,” because the lots are there to put the tiny houses on, but staff’s last proposal was that this could occur elsewhere in the city where “the code applies.”

Susan Derrenbacher, a Duke Street resident, asked if “a needs assessment” has been done in the Northwest Quadrant to determine if there is interest in such a project. Chairman Verity said he believes the developers “had done some homework . . . and talked with folks around the community,” but the RDC has not done any work on it because the commission is “not necessarily sponsoring it.” Commissioner Keyserling said although certain streets in the Northwest Quadrant are zoned “commercial,” the project is proposed on private property, so it “will be driven by the market.”

Ms. Johnson said she had learned that “the proper modular unit” could be done “anywhere in the city now, if it meets the standards of the district” for which it’s proposed. The proposed change will allow accessory dwelling units for infill “on vacant land as well,” she said, if it is sited properly and maintains the necessary setbacks “to fit the land.” If someone also wanted to build a main structure on the property, (s)he could, so the tiny house “would still be looked at as an accessory dwelling.” It would still need to meet zoning requirements and be used as a home occupation. Ms. Johnson said the tiny houses are not yet in the new code proposal.

Chairman Verity said the idea is to have simple plans approved in advance, not to create shortcuts around any of the rules. Ms. Derrenbacher said very little about this plan has been communicated to the current Northwest Quadrant residents. It sounds like a tiny house could be built on a vacant lot, she said, and her “vision is” that an artist could use the house to live in and as a place to produce artwork, “then bring (the art) out on the street” to sell it. Ms. Derrenbacher said, “I just need somebody to dissuade me of that.” She feels it would be “highly unlikely that that would even happen,” so “to have that as a reason is weak.” Commissioner Keyserling said staff “is still wrestling with what their recommendation would be,” and no decisions have been made.

Ms. Johnson reviewed the evolution of the project to date: it was presented to council, which thought it was an RDC issue, so it went to the commission’s infill committee, then to the larger RDC. The commission determined that this is not a redevelopment issue, she said, so it sent the project back to staff to review the aspects of the project that can’t already be done at this time: the preapproved plans and the change to allow this on vacant land. Ms. Johnson said this briefing is “informational.”

Commissioner McFee said the developers involved in this project decided that being part of a redevelopment plan with the city would be “too cumbersome for what they envisioned.”

Chairman Verity said this is a separate project from the redevelopment plan that will incorporate these areas, and they will go through the regular approval process.

Russ Barry said he understands that, under the new Beaufort Code, there would be no requirement to notify nearby neighbors of construction. Commissioner McFee said if a project meets the required code, that's correct. **Maxine Lutz** said the Historic Beaufort Foundation (HBF) has concerns about that; the proposed code does not require HDRB review of new construction, so there would be no public announcement, which "leaves the neighbors out of the process." Commissioner Keyserling said, "That's not unique to that neighborhood." Commissioner Murray said, "Public notice isn't required unless it's a rezoning."

Ms. Lutz stated that she feels the "'arts overlay district' nomenclature" should be dropped; she finds it "contrived." Ms. Johnson said that was what the developers had called the project. In a staff summary, Ms. Johnson said, she had recommended that "we quit calling it that" because it will not be an overlay.

Judy Barry said **Lauren Kelly** had outlined the new code for the "historic sections of the city" at a meeting the previous day, and had spent a long time talking about the "behavior" of new and renovated houses "to the street," and showed pictures of the King Street redevelopment, which "looked so nice because . . . all those houses' . . . behavior fit with the rest of the street." Ms. Barry "can't imagine these tiny houses fitting in" in the Northwest Quadrant. Commissioner Murray said the plans would take into consideration the siting of the tiny houses on the lot. Ms. Johnson said if the code goes through as it is now, anything in the Historic District, with the exception of the Northwest Quadrant, would still have to go to the HDRB for approval of siting. Chairman Verity said there is still plenty of time to talk about this project.

Tony Royal said he owns "interest in a property on Emmons Street" in Pigeon Point. Several years ago, he saw there was construction on a vacant Emmons Street lot, but "there was nothing I could do by the time I called the city and got feedback." A 500-square foot cabin had already been approved. Some of the houses around it need repair, but others have had "substantial renovation." He suggested that people could go look at it to see a house of the size under discussion. Commissioner Murray said the "cabin" Mr. Royal is referring to is on a lot that is one-third of an acre. Mr. Royal said it might be one-quarter of an acre. He feels "it's just not right."

Ms. Lutz asked if there would be a time limit on when a main structure must be built on a lot after an accessory dwelling is built. Ms. Johnson said, under the current proposal, there wouldn't be a time limit, because doing so wouldn't be financially feasible for those who put a tiny house on their property; the idea is to give people who already own properties in the Northwest Quadrant an opportunity to make money with their property.

Ms. Lutz said there was "a large contingent" of residents from the Northwest Quadrant at the recent form-based code meeting, and "they are concerned." She said no one had contacted these residents about this idea. Ms. Johnson said the right people to talk to about this are Ms.

Kelly, **Libby Anderson**, or Mr. Prokop; it's a code project now, she said, not a redevelopment project. Commissioner Murray said staff is currently presenting the new code to the community; there are "at least a couple (of) months" before it comes back to the public with revisions staff will make based on the presentations.

Commissioner Lesesne clarified that this project would not be coming back to the RDC. Chairman Verity said it could, if it goes forward, once the RDC has put together a redevelopment plan for this area. Commissioner Keyserling suggested a scenario in which the school district, which owns lots on Prince Street, might want affordable housing for teachers and might come to the city with a request for a special district. If the school district "wanted an advocate for that," that would bring the idea back into the redevelopment sphere, he said.

Ms. Barry said people who had been interviewed in the newspaper and said they thought the tiny houses were a good idea in the Northwest Quadrant "don't live there." If the project proceeds, she suggested "some kind of forum where you could talk to the people of the Northwest Quadrant." Commissioner Keyserling said he's not seen a picture of what the cottages might look like. He doesn't "see a lot of momentum" for the project; he thinks the developers may have had "a novel idea," but he doesn't believe they have presented anything "for staff to look at," nor have they "been very specific."

INITIATIVE UPDATES

Economic Development

Commissioner Murray reiterated "our definition of 'economic development'," which he said is "expanding the primary job base in order to create higher paying jobs for residents."

In regard to county and municipal economic development, Commissioner Murray said **Stu Rodman**, the chair of county council's governmental committee, has sent letters to the Charleston Alliance and the Southern Carolina Alliance (SCA) to ask "if either would be interested in a partnership with Beaufort County." Charleston responded that they are not interested because "they are happy . . . with their MSA district," Commissioner Murray said. The SCA is interested and would like movement – "a unanimous vote of county council – by the end of March." County council / Mr. Rodman is "still pushing (for) Beaufort County joining the Southern Carolina Alliance," Commissioner Murray said; Beaufort County's municipalities have urged county council "to do more due diligence" for policy and product development "before making that decision."

Commissioner Murray said he, Commissioner Cromer, and Mr. Prokop had attended the Association for Defense Communities (ADC) Conference two weeks ago. He described what the ADC does and said they had made good connections at the conference; there were "a lot of good conversations" and ideas generated about economic development as it relates to the military bases. Commissioner Murray said a spokesman for the Navy had said they do not foresee a BRAC (base realignment and closure) for the next 5–6 years, and they believe that the Marine Corps is at an appropriate level.

Commissioner Murray there have been meetings with the Don Ryan Center in Bluffton and Charleston's Digital Corridor about putting together a partnership with the city, and he will have more information in the next few months. He is looking for local members of the tech community to invite them to an informal meeting, so he asked commissioners and the public to give him the names of individuals who might be interested.

Commissioner Murray said at the retreat, they had discussed "better aligning our economic development strategies and marketing with our tourism and our destination marketing," so he asked **Robb Wells** and **Jason Ruhf** at the Chamber of Commerce to engage the organization in "brainstorming internally" about "ways that we can better align . . . tourism marketing and our economic development message, and to help us . . . (develop) our economic development message."

Commissioner Green asked if there had been discussion at the ADC conference about "economic development with our current installations here," such as disabled veteran contracting. Commissioner Murray said there was not a conversation about contracting on the base, but two representatives from TWEAC (Transitional Workforce Educational Assistance Collaborative) had attended the conference and had made a presentation about what TWEAC is doing. There were many conversations about public-public partnerships, Commissioner Murray said; he described what those are and the status of these sorts of partnerships and prioritization. The Army and Air Force are "several years ahead of the Department of the Navy" on "shared service agreements," Commissioner Murray said, but the Navy is consulting with them, and they have hired staff to develop partnership programs, cut through the bureaucracy, and "push that down through the installation commanders to make it more of a priority."

In the BRAC, Commissioner Murray said, each installation is scored on a 100-point scale "to determine military value." "Mission critical" gets the most points, he said, and "the ability to expand is also rated very highly," as are "encroachment issues, especially for air installations." Community partnerships – "how ingrained the . . . installation is with the local community" – have been added into the criteria in the last few years, so Commissioner Murray recommends that – in anticipation of an eventual BRAC – the community position itself better by looking at deficiencies in the 2005 BRAC and at ways to "shore up some of these things" on the military value scale.

Mr. Prokop added that at the ADC conference, they had learned "the depth of the bureaucracy, so we figured maybe we should start at the bottom." Beaufort and the Town of Port Royal's councils have meetings every few months, and in May, they will include representatives from MCAS and Parris Island, to determine what they can do locally "to start our discussions." County representatives will also be involved, he said, "to start building a local level."

Commissioner Murray said it's illegal for people on the bases to lobby "anyone . . . above them or in the legislative delegations at the federal level," but "that's not a restraint that we have," so "we may be able to provide some assistance as they have issues."

Infill

Commissioner McFee said the infill committee is identifying areas of the city it “think(s) are appropriate” for infill, and Commissioner Green had sent letters to property owners “about public-private partnerships for improvement.” The committee and the RDC had said that codes enforcement in the blighted areas of the city is “one of (their) number one goals,” Commissioner McFee said, so new staff is in place and is giving out tickets for codes violations. The infill committee will identify target areas in the city, and they “will form a redevelopment plan based on specifics,” he said. There’s an opportunity, the committee feels, to take areas in the city with the highest potential for redevelopment and offer incentives to the owners of blighted properties there.

Ms. Lutz asked how the infill committee’s list differs from the city’s “vacant and abandoned properties” list. Commissioner McFee said it’s not different. Ms. Lutz said HBF would like to stay in communication about that. Referring to a statement Commissioner McFee had made, she added, “There’s very little low-hanging fruit.” Ms. Lutz said HBF has a revised list of blighted properties. Ms. Johnson asked Ms. Lutz to share it; Ms. Lutz said she would.

Commissioner Green said the committee has gotten some response to the letters they had sent out: those who responded “were curious as to what we had in mind,” he said, and the committee had replied that its members are “interested in what the owners are interested in doing.” Codes and zoning will determine a lot of what can be done. Chairman Verity said these properties “are not on the radar screen,” and “our goal is to get them interested.”

Commissioner Keyserling said he believes that in the Northwest Quadrant, “we . . . need to look at the software and the human infrastructure.” The neighborhood association there has not met in 6 months, he said. The closing of the Greene Street gym (Charles Lind Brown Center) has left many in the community bitter because there is no longer a neighborhood gathering space; he said residents feel “shoved out.” Bridges Preparatory School now owns the Boys and Girls Club building, he said.

Commissioner Keyserling said he has told long-time residents of the Northwest Quadrant that when someone builds a home in the neighborhood, “you have to be a (good) neighbor to them.” He said he would continue to talk to people there. The city has spent millions there, Commissioner Keyserling said, and “fixed a few houses.” Those who live there must have “stronger ownership.” The Northwest Quadrant is “highly in demand,” he said, so those who grew up there, or whose families own property there, need to get as excited about it as outsiders are, if they want to maintain the diversity of the neighborhood. Commissioner Keyserling concluded that he would like to get Operation Good Neighbor started up again.

Commissioner Keyserling asked Commissioner Green about the possibility of finding a contractor to mentor 5–6 young people, so they could learn basic skills under the supervision of a licensed professional and earn “a modest wage.” Commissioner Green said, though most of the tradesmen in it are in the Sheldon Township area, the Consortium of Local Independent Businesses (CLIB) would be interested in discussing such a project.

Downtown

Chairman Verity said the downtown committee had met a couple of days ago; Commissioner Cromer, Ms. Johnson, and Mr. Prokop were there, too. "The idea of the downtown committee is to be a catalyst for helping things happen downtown," he said, "not to run things downtown."

The committee had discussed the cultural district, which is a state designation. It's now in place, Chairman Verity said, and there's a question of how the oversight will work. The downtown committee thinks the cultural district should be "under the city manager . . . (as) a committee of the city," because it is not "a Redevelopment Commission issue." He said the downtown committee feels the cultural district could be important for tourism and for "getting grant money . . . for the area," but they don't want the cultural district to compete for funding "from tax dollars available through the county and the city," so the district "need(s) to be an oversight group," not one that goes "to the trough, looking for money," Chairman Verity said, "at least in the city itself."

Ms. Johnson said the cultural district was passed to the RDC to be its oversight group when the designation was made, and a liaison was assigned. When **Bonnie Hargrove** came to the downtown committee for "help with structure," the committee determined that "this is not another organization," Ms. Johnson said, or "an entity." It does not have a 501c3. The cultural district is "a designation that belongs to the City of Beaufort," Ms. Johnson said. Mr. Prokop said Ms. Hargrove and **Ivette Burgess** are coordinating now.

Boundary Street

Commissioner Keyserling said acquisition on the Battery Creek Park vista is "still lumbering." The city ran into "a bump in the road" with Sea Eagle Market, the seller of the property that the city was responsible for closing. Sea Eagle has found a property on Boundary Street that would allow it to expand, and the business "would be adjacent to a traffic light."

Commissioner Keyserling said he's concerned about the poor turnout at the Boundary Street open houses at City Hall every Thursday (Mr. Prokop said they take place only once a month now), but the Boundary Street project seems to be going smoothly. Commissioner Keyserling added that a hotel – which is not in the redevelopment district but is nearby – "is ready to go."

Mr. Prokop asked that those present let others know that the yellow barrels on Boundary Street "are not an obstacle course," but are meant to get people accustomed to not having a left turn lane. Construction on the left side of the road will start with the duct bank, he said, adding that there will be new fencing at the Sixteen Gates Cemetery.

Chairman Verity asked if the Boundary Street project is on schedule. Mr. Prokop said they are 7–10 days behind, but they are catching up. Commissioner Keyserling asked what material would be used for the cemetery fencing. Mr. Prokop said he didn't know, but it would be "decorative"; it's not chain link, for example.

Incentives, Codes and Regulations

Commissioner Cromer described the form-based code process and said it would come back to council.

The Municipal Association (MASC) is developing an online portal of existing businesses to help expedite the business license renewal process, Commissioner Cromer said. Commissioner Keyserling asked Commissioner Cromer to explain the bills that are currently before the state legislature. Commissioner Cromer said one bill would cap business license fees at \$100 for *all* businesses – no matter their size – and use net – rather than gross – income to determine what should be collected as a business license tax; this would be unfair and would “devastate the city’s budget,” he said. The MASC is working with groups on a compromise bill.

Another bill has been introduced, Commissioner Cromer said, and Rep. **Shannon Erickson** is a sponsor. Commissioner McFee said it would standardize billing, but it would send the money through the state’s Department of Revenue. Commissioner Cromer said they would then remit the money back to the municipalities and keep a fee. Commissioner Murray said the bill “caps it at 1%,” and license holders would only pay in the jurisdiction where they “are physically located,” even if they work in multiple jurisdictions. Commissioner McFee said, if you live in the City of Beaufort, for example, you would only pay for a business license there, not in any of the other jurisdictions in which you work.

Commissioner Keyserling said, “It’s very complicated. The worst thing, of course, is capping it and sending money to the state.” Mr. Prokop said these changes are being proposed because the current business license practices are said to be “stymying economic development, (so) no small businesses . . . are moving to the state.” That’s “a stretch,” he said, adding that city services would be cut if the bills pass; police and fire department costs would have to be cut by 20–30%. The state believes the municipalities are making money with business licenses, but they are not. A new automated system is in place, Mr. Prokop added, but the city is not going to begin using it “until we know what the state legislature is going to do.”

Commissioner Murray said council’s “call to action” to the public is to ask Rep. Erickson 1) how she proposes South Carolina cities will make up their revenue losses if the bill passes, and 2) to remove her name from the legislation. Commissioner Murray said he has several city business licenses, and they account for less than one-quarter of one percent of his businesses’ gross sales. The 6% commercial property tax has a much greater effect on the commercial tax base, Commissioner Murray said, and “stifle(s) more business investment in South Carolina” than the business license tax. Also, the municipalities “are taking steps to be more business-friendly.”

Ms. Johnson said that at the council/Redevelopment Commission retreat, they had discussed not having an incentives, codes and regulations subcommittee. She asked if the commissioners wanted to proceed with this recommendation. Commissioner Keyserling said he’d prefer to see some of these issues reach their end before they dissolve the committee, and there was general agreement to this.

INITIATIVES IN PROGRESS – UPDATED REPORT SINCE 2/15/16

Ms. Johnson reviewed the handout and said some of the initiatives taking place in downtown Beaufort are continuations of “earlier projects.” The Veterans’ Administration office is in City Hall. The Northwest Quadrant has “the most yellow” (highlighting) of any area of the city, which indicates that there are a number of projects going on there. There are short-term rental applications and approvals, Ms. Johnson said, which indicate that redevelopment is taking place, and some new construction.

Mr. Prokop said the planning department is still awaiting Harris Teeter’s redesign of its grocery store.

There being no further business to come before the commission, **Commissioner Murray made a motion, seconded by Commissioner Cromer, to adjourn. The motion passed unanimously,** and the meeting adjourned at 8:40 p.m.