



CITY OF BEAUFORT
1911 Boundary Street
Council Chambers
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070

REDEVELOPMENT COMMISSION AGENDA

March 19, 2019

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 was duly notified of the time, date, place and agenda of this meeting."

PLANNING CONFERENCE ROOM – 1ST FLOOR
1911 BOUNDARY STREET

7:00 P.M.

I. CALL TO ORDER

II. REVIEW OF MINUTES

December 4, 2018

III. NEW BUSINESS

A. Redevelopment Commission Inactivation

IV. INITIATIVES

A. Economic Development Update – Stephen Murray

- Transition Plan
 - City of Beaufort Community & Economic Development Department & City Manager
 - Beaufort County Economic Development Corporation
 - Southern Carolina Regional Development Alliance

B. Infill – Mike McFee

- Transition Plan
 - City of Beaufort Community & Economic Development Department

C. Housing That is Affordable – Phil Cromer

- Transition Plan
 - City of Beaufort Community & Economic Development Department

D. Downtown & Marina – Nan Sutton

- Transition Plan
 - City of Beaufort Community & Economic Development Department

V. PUBLIC & PRIVATE PROJECTS IN PROGRESS AND OPPORTUNITY SITES

Deborah Johnson

VI. OTHER

VII. ADJOURNMENT

A meeting of the Beaufort Redevelopment Commission (RDC) was held on December 4, 2018 at 5:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Chairman Jon Verity, Commissioners Mike Sutton, Mike McFee, Nan Sutton, Stephen Murray, Billy Keyserling, and Phil Cromer, and Bill Prokop, city manager. Commissioners Frank Lesesne and Steven Green 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.

Chairman Verity called the Redevelopment Commission meeting to order at 5:04 p.m.

MINUTES

Commissioner McFee made a motion, second by Commissioner Murray, to approve the minutes of the October 2, 2018 Redevelopment Commission meeting. Commissioner Cromer said on page 6, in the second-to-last paragraph on the page, the first use of “fees” should be deleted from the following phrase: “. . . he feels the city fees shouldn’t charge any fees.” On page 7, in the fourth paragraph, Commissioner Cromer said there needs to be a period after “he said” at the end of the paragraph. In the fifth paragraph on that page, Commissioner Cromer said to delete the word “to” from “those merchants who are not to marketing themselves.” **The motion to approve the minutes as amended passed unanimously.**

2019 RDC PLANNING AND MEETING SCHEDULE

Chairman Verity described some of the changes to the RDC in the past couple of years. “2030 visioning” meetings in January 17 and February 13 will establish a plan that looks at the near-term and the future, he said, and that would be followed by the city’s annual retreat. An option is “to stay as we are,” he said, in terms of the projects that council members on the commission oversee, but that could be reconfigured. The projects could be part of the city manager’s role, for example, or a “mayor’s council” could be formed. Chairman Verity said they want to look at how the commissioners could be most helpful, not stick to a structure that might only be repeating meetings that have already taken place.

Chairman Verity described some of the important upcoming changes and projects, including being proactive about affordable housing for everyone.

Commissioner Keyserling said he thinks it’s good to “rethink,” and after the visioning session and retreat, new ideas should arise. He agrees that they should look at this.

Deborah Johnson said it was decided yesterday to have the next RDC meeting in March and to not have the usual small group meetings before the retreat.

Commissioner Murray said he feels that council and the rest of the RDC have worked well together to accomplish what they sought to do.

INITIATIVES

Economic Development Update

Commissioner Murray said Beaufort Digital Corridor has 5 offices occupied, and “Game On” and “Code Camp” are progressing. Marketing collateral is being finished up, he said.

Beaufort County Economic Development Corp. (EDC) put out a spec building RFP for Commerce Park that got 2 responses, Commissioner Murray said, and Samet Corp. in Charleston was selected as the lowest responsible bidder. The EDC is requesting that county council help with debt service on the building, he said.

Commissioner Murray said there are new signs in Commerce Park. Blue Sky Processing from Canada has secured a building at Garden’s Corner, and there will be benefits for the city, he said. There should be 16 new jobs there.

Commissioner Murray invited commissioners and the public to participate in free co-working on Fridays at BDC.

USCB and 303 Associates have agreed to build 2 new student housing buildings behind where the existing student housing is, Commissioner Murray said.

Samet will help with the marketing of the building that they build, Commissioner Murray told Commissioner Cromer. They have agreed to a below-market lease rate and “a sales price that we think is reasonable,” he said.

Infill Update

Commissioner McFee said the group has been working with **Steve Tully** on a project on Greene Street and has worked with Allison Ramsey Architects on a design that has been approved by the Historic District Review Board in an area of the Northwest Quadrant where they would like to see development.

There are incentives on Washington and Greene Streets, Commissioner McFee said. The foundation of the restrooms in Washington Street Park should be poured in January. He said Public Works has made many improvements there since the last RDC meeting in October.

Chairman Verity said the city has helped with bringing “uniformity” in the Northwest Quadrant in terms of the code violations, for example.

Mr. Prokop said Ms. Johnson had created a “helpful” tool about the city’s parks that have received grants.

Housing That Is Affordable Update

Commissioner Cromer reviewed a handout on affordable housing projects from July 1 to December 1, 2018, including Habitat for Humanity and Beaufort Housing Authority (BHA) projects, and the teacher housing pilot project, which is under discussion with the RDC, BHA /

Lowcountry Housing Redevelopment Corp. (LHRC), and the Beaufort County School District. Commissioner Cromer said this project is on hold in order to “see what happens with HUD (Housing & Urban Development) conversion of adjacent property,” which could take 2 years or more.

Commissioner Cromer said Lowcountry Housing Communities, LLC is developing the Ribaut Senior Village project, which will have 49 senior apartments, 45 of which are for residents at or below 60% AMI (area median income).

Commissioner Cromer discussed affordable housing incentives from the City of Beaufort and the county.

Commissioner Cromer suggested that the commissioners should discuss December deadlines on development agreements with BHA/LHRC for the land the City donated on Ribaut Road. Ms. Johnson said representatives from BHA, Habitat, and LHRC had been invited to the RDC meeting.

Chet Houston, Habitat for Humanity executive director, said they expect to get their permits by the end of the year. For the 2 houses on Greene Street, he said Habitat received grants, so the mortgage is under \$600 per month.

For the Mossy Oaks property donated by the City, the easement has been approved for the old firehouse, and Mr. Houston expects that the build will be done for the 5-bedroom house by the spring.

Commissioner Murray said the Habitat for Humanity model is typically single-family homes; he asked if they do teacher or multi-family housing. Mr. Houston said Habitat housing is targeted for those earning 30% – 60% of the AMI. Workforce housing is usually for people with “more professional incomes,” he said.

Commissioner Murray asked about construction prices now. Mr. Houston joked that the Habitat “workforce is cheap,” since almost all of the construction is done by volunteers. Commissioner M. Sutton asked what Habitat is spending on lots. Mr. Houston said the Habitat board of directors has increased the cap on his authorization to buy by \$15,000, so he’s at \$35,000 now; after that, he said he needs the board’s approval.

Commissioner M. Sutton said a former Habitat house at 1010 Church Street went on the market, and he thinks “the price point is over \$215,000.” Mr. Houston said it’s listed at \$298,000. Commissioner M. Sutton asked if the owner had to live in it for 5 years, per the agreement with Habitat, before it could be put on the market. Mr. Houston said yes. The main problem Habitat has is that, for example, 2 of their houses on Greene Street cost \$160,600 and \$167,200 to build, he said, and the appraised value of each was over \$230,000. When Habitat sells the houses to the low-income owners, “we have one mortgage promissory note for exactly what it cost us to build” them – “we make no profit off of selling them” – and Habitat has “a

silent second mortgage, which takes it up to no more than the appraised value” of the house, Mr. Houston said. Because of the city’s initiatives, “property values are going up” in the Northwest Quadrant, he said, which means the appraised value is going to be “beyond what our first and second mortgages are,” so Habitat homeowners stand to make a substantial profit if they sell their houses.

Commissioner M. Sutton said the problem is how to keep housing at the affordable housing market price, not the “fair market price,” to avoid gentrification. He asked how the community could keep housing affordable. Mr. Houston said Habitat keeps construction prices down for their home buyers by using “the HOME grant through” the Lowcountry Council of Governments, which “lowers the price, but it also carries with it a restrictive covenant for 20 years,” which means the house must retain its “affordable housing status.” It’s a “memorandum to the record that goes on the mortgage – it’s not the mortgage itself,” he said, “so it’s constantly forgotten about by our homeowners,” as is the “silent second.” Mr. Houston said when Habitat homeowners have approached him about selling their houses, Habitat works with them to find buyers who fall “within that 30 – 60% AMI,” and they “lose interest in it because they’re not going to make any profit selling the house.” He tells them that the “benefit to not selling” the house is that putting them in long-term housing is meant to be “a launching pad” for the owners and their families.

Mr. Houston said Habitat educates the families in its programs on what a mortgage is, for example, and the organization is going to add in a component to let “the families know that if they . . . make \$75,000 off of selling their house,” that seems like a lot of money to the seller, but it’s “going to evaporate very quickly” when they need to find somewhere else to live. For this reason, he said, he tries to educate them that a house is “not disposable . . . It’s an investment for life.”

Commissioner M. Sutton said the homes built in the Northwest Quadrant in the last 15 years are “not standing the test of time” (e.g., wood and roof rot happen when houses aren’t maintained). He thinks there also needs to be education about how to maintain a home. Some of the materials used on these houses are not as sustainable as they could be, and they “have a short lifespan,” Commissioner M. Sutton said. In another example, he said better insulation provides a better value for the house in the long-term.

Commissioner Murray asked why Habitat couldn't “put a restrictive covenant on the property, regardless of where the funds come from.” Mr. Houston said that was good question, and he’d have to research that. Commissioner Murray suggested it would be a problem for Habitat if donors – including the City of Beaufort, which has donated public land – found out the homeowners were keeping houses for a certain number of years and then selling them “at market rates, not anywhere near affordable housing” rates. Commissioner M. Sutton said, “The homeowner wins, and the city wins in some other ways,” but “the affordable housing initiative suffers.” Commissioner Murray said he’d like to see models of what is done with deed restrictions in other parts of the country.

“The tide will never turn” if the housing that was built at below-market rate is “flipped back into the market,” Commissioner Murray said.

Angela Childers, executive director of Beaufort Housing Authority, offered “a short history of the property at 410 Ribaut Road,” which the City of Beaufort donated for two “quadplexes.” August 2018 was the expected bid date, she said, but in June, they received notice about the potential development of the school district property, so they decided it would be more cost-effective to combine the financing and development of the properties. The site is 60’ wide, and 20’ of that “would be a lane,” Ms. Childers said, which would only leave 40’ for a building, so they didn’t think they could develop the property as they wanted to.

Lauren Kelly redesigned the buildings, but they still felt they “couldn’t produce a product [they] would be proud of,” Ms. Childers said, so they looked for other solutions, including encroaching on adjacent BHA land through a contract with HUD. Around that time, “HUD Washington announced its plans to reposition public housing,” which she said means “HUD wants out of the public housing business.” After 3 meetings, “HUD has agreed to consider nullifying the annual contributions contract on our single-family homes only,” Ms. Childers said, which would allow BHA to use the school district property more efficiently. “Our vision could include demolishing the 4 single-family homes that we have on the adjacent property” to use with the school district property to “build something that we could all be proud of,” she said, but this “would not be a quick process,” and HUD has only “agreed to *consider*” this, and to Ms. Childers’ knowledge, the agency has “never done anything like what we’re asking.”

Ms. Childers said BHA understands that the school district “could not and would not hold the property,” but “if it’s available when all of this is resolved,” BHA hopes the district “would consider working with us again.” 410 Ribaut Road has been put out to bid, she said, and bids are due on December 19; they expect to choose a bidder that night. 1207 Duke Street is also out to bid.

BHA has contracted for soil testing at 1201 Washington Street to see if they could put a building there, Ms. Childers said. The building that was on that lot was “beginning to sink” because of an underground spring, so it was demolished. It always takes HUD “5 years to give us the money to rebuild, and they don’t give us enough,” she said, but BHA received its final allocation of HUD funds to rebuild this year.

Ms. Childers said she hopes that the city “will consider allowing us to continue with 410 Ribaut Road, because we do believe that we can deliver a quality project.” Though they “did stall the project” and “won’t meet our deadlines,” she said they felt they’d be “better off financially combining all of our projects together.”

Richardson LaBruce said the LHRC and Beaufort Housing Authority are independent of one another. HUD is “trying to get out of the single-family ownership part of affordable housing,” so programs are geared toward rentals now, he said, but he knows that the community prefers single-family ownerships to rentals.

Federally funded projects take longer than those funded through the municipality, Mr. LaBruce said, “because of the nature of the housing authority.” Sustainability is one of the key issues, he feels, “and not just in Beaufort.” He said he doesn’t have an answer to that at this time, though.

Jeremiah Smith, Allison Ramsey Architects, said he is invested in helping with affordable housing projects. Chairman Verity said Beaufort Housing Authority and Habitat for Humanity are the city’s partners. There are a lot of opportunities in the Northwest Quadrant, and they all need to cooperate to create something that works for Beaufort residents. The RDC wants to do what it can to help bring the right people to the table, he said; the key is to develop benchmarks “that we can meet” on the way to success.

Commissioner Murray said he understands the frustration with the delays that have been experienced. Affordable housing dovetails with the city’s economic development efforts, he said. BHA’s board has 7 members, with 2 city appointees, and Ms. Childers described the makeup of the board and told Commissioner Murray who those members are.

Commissioner Murray asked how many housing units BHA manages: Ms. Childers said 320. The strategic plan is to add 25 new units of affordable housing in the next 3 years, she said, which they did this year “with vouchers.” Ms. Johnson said a challenge throughout the county is that even when people have vouchers, “the housing is not there,” and vouchers do not increase the housing stock.

Ms. Childers discussed the waiting list for Section 8 housing in Beaufort County. Mr. LaBruce said with the voucher program, those who qualify can give preferences for the areas that they want to live in. Someone might qualify for housing on Hilton Head, he said, but would go back to the waiting list rather than have to drive that far for work.

Commissioner Murray asked Ms. Childers about additional projects. She said 1201 Washington Street is one, and Beaufort Housing Authority is “moving ahead with 1207 Duke Street.” Mr. LaBruce said they are also doing capital improvements to their existing stock.

Commissioner Murray said affordable housing is “a huge tide to turn.” No one entity can take on “some of these big challenges” by themselves, he said. He’s concerned about BHA’s ability to pull off projects in a timely fashion and to be good partners. He’s disappointed that the organization took 7 months to tell the RDC about the difficulties they were having with the 410 Ribaut Road site. He said he favors granting the extension on that project, but he wants BHA staff and its board of directors to “work more diligently to meet timelines.”

Commissioner Cromer said he has similar concerns and asked about the timeframe for 410 Ribaut Road. Ms. Childers said the bids are due back December 19, and the board of directors will meet that night to select a contractor.

Commissioner M. Sutton said the city released some city land “years ago,” and “we still have

nothing developed on” some of “the land we gave away” (e.g., some “is still a parking lot,” which was not the city’s intent). Other land the city gave away, such as on Mossy Oaks, will now have Habitat for Humanity houses on it, which will be on the tax rolls. The designs on North Street at Ribaut Road have been tweaked, he said, and he’s in favor of extending the deadlines, but he thinks dates need to be determined for the project’s completion.

Commissioner Murray said BHA is supposed to be “the experts on affordable housing,” so if they see that a site won’t work, they should tell the city right away, so staff hours, etc. are not wasted.

Commissioner Keyserling said he is hearing that some of the delays have been because BHA is a business that “has to deal with federal government on a daily basis,” which isn’t “necessarily a developer’s mentality.” He thinks the idea to make the teacher housing site work by combining it “with land that you already owned” was “pretty creative” and “a developer’s attitude,” but it “hit a wall” because the organization “had to deal with the HUD attitude.” Commissioner Keyserling thinks in the long-term, “there are some real advantages to [a] partnership” that includes BHA.

Commissioner Keyserling said it might make sense for the city to strengthen the partnership with BHA “with more of a development mentality,” but the city can’t support BHA “on dealing with the HUD bureaucracy.” He added that his “inclination” on Ribaut Road is “certainly to proceed.”

Commissioner Murray said he has spoken “to a private developer about the site” for teacher housing, and “there is interest, if Beaufort Housing Authority doesn’t want to proceed” on it. He thinks “the school board is teed up and ready to see something happen.” Although “we all acknowledge it’s a small site,” Commissioner Murray said, he saw this as “a pilot project . . . to make sure that the partnership was going to work,” and if it did, they could then look at doing some “exciting projects” for teacher housing on larger sites that “the city or the school district controls across the county,” which would enhance the city’s and county’s “economic development goals.”

Chairman Verity said it seems as if “you’d get a lot more out of it” if the sites were combined, as Ms. Childers had suggested. Commissioner Keyserling said he sees “both positions,” but if “someone else can make that property work,” BHA doesn’t lose anything, “the project can get going,” and there might be “future engagement” with BHA as a partner. He suggested that BHA should “go with 410 Ribaut Road” and “release the commitment on the teacher site.” If a private developer for the site can be found, they could go ahead with that, he said, and if not, they could revisit the project when BHA “has a better idea of what HUD’s going to do.”

Ms. Johnson said the RDC has to make a recommendation to city council for 410 Ribaut Road. Commissioner M. Sutton asked how much time BHA needs. Mr. Smith said engineering still needs to be done, but RFPs for the project are out at what he thinks are “good prices.” LHRC suggested the bidder that is selected should hire those consultants. Mr. Smith estimates it

would be 90 days.

Commissioner M. Sutton made a motion to recommend that city council modify the development agreement to extend the permitting process for the 410 Ribaut Road site for 6 months. Commissioner Keyserling seconded the motion.

Commissioner Murray asked about the teacher housing project timeline. Ms. Childers said it's difficult to make an estimate because of HUD, but "they could probably do it in 2 years." Commissioner Murray said the city is a partner with BHA, so the organization needs to let its partners know what it needs. **The motion passed unanimously.**

Dick Stewart recommended asking for monthly progress updates to keep everyone on track.

Ms. Johnson reviewed a handout with information from the county's housing needs assessment for the City of Beaufort to show what progress is being made in each of the price range categories.

Downtown Update

Commissioner N. Sutton said First Fridays are good, and "downtown is looking up." More businesses are opening than are leaving, she said. A new business is coming into Old Bay Marketplace, but another real estate company is moving onto Bay Street, which brings the tally to 8 real estate companies on 3 blocks of downtown, she said, which is too many.

Night on the Town is this Friday, Commissioner N. Sutton said. She agreed with Chairman Verity that "there's a lot more energy" downtown now, and she credited **Linda Roper** and **Rhonda Carey**, as well as the Downtown Beaufort Merchants Association, which is "working hard" on First Fridays.

Marina Update

Mr. Prokop said proposals are being reviewed, and the goal is to have someone in place by February 1.

Commissioner Keyserling suggested commissioners think about priorities for leftover TIF II funds from the Boundary Street project.

PUBLIC & PRIVATE PROJECTS IN PROGRESS AND OPPORTUNITY SITES

Ms. Johnson discussed the format of the handout given to commissioners. Three businesses have been lost downtown in the last 3 months, she said, and others "have moved around." Commissioner N. Sutton said a new business is moving into the old Koth's location.

Mr. Stewart briefly discussed the businesses going into the former Kmart building.

Commissioner Cromer made a motion, second by Commissioner Murray, to adjourn the meeting. The motion passed unanimously, and the meeting ended at 6:52 p.m.