

A work session of Beaufort City Council was held on September 17, 2019 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Pro Tem Mike McFee, Councilwoman Nan Sutton, Councilmen Stephen Murray and Phil Cromer, and Bill Prokop, city manager. Mayor Billy Keyserling was absent.

In accordance with the 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

Mayor Pro Tem Mike McFee called the work session to order at 5:00 p.m. [SEP]

EMPLOYEE NEW HIRE RECOGNITION

Alan Eisenman introduced **Morgan Ganoë**, a new business license administrator. [SEP]

David Prichard introduced **Joan Furlong**, a new senior planner/urban designer. [SEP]

PRESENTATION: JOINT HOUSING TRUST FUND

Eric Greenway, Beaufort County community development director, made a presentation about the “SoLoCo Regional Housing Trust Fund.”

Mr. Greenway explained the formula to determine what attainable/affordable housing is. The Beaufort County AMI (area median income) for a family of 4 is \$83,000 a year. 80% of that is about \$62,000, he said, and “30% of that number would be what you’d expect someone – for the project to be affordable or attainable – to pay [for] monthly rent or a mortgage,” which is about “\$1,100 or \$1,200.”

Affordability is “a major issue” in this region, Mr. Greenway said. Beaufort and Jasper Counties have been growing at a “significant” rate of 17% in the last 8 years or so. In addition, accommodations and food service, arts and entertainment, retail, education, and health services are in the top sectors of employment by industry in Beaufort County; employees in all of these industries would benefit from affordable housing, he said.

Beaufort County commissioned Bowen to do a housing needs assessment, Mr. Greenway said, and it “paints a picture of where we are right now.” This region will need an additional 15,000 dwelling units in the next 10 years, Mr. Greenway said. The highest need is for moderate market-rate rental housing (rents of \$750 to \$1,250/month) and entry-level/workforce for-sale housing (priced below \$150,000). The second highest need is for affordable rental housing (rents under \$750/month) and moderate for-sale housing (priced between \$150,000 to \$250,000), he said.

Mr. Greenway said there are multiple solutions to deal with affordable housing in our region. A subcommittee of the SoLoCo board was charged with presenting a framework

to adopt a multi-jurisdictional housing trust fund (HTF). There are more than 780 HTFs in cities, counties, and states in the US, which generate more than \$1.5 billion per year for affordable housing, he said. They are established by elected governmental bodies at city, county, or state levels.

Mr. Greenway defined a regional housing trust fund.

The SoLoCo subcommittee researched housing trust funds in Savannah, which is “our closest neighbor with a housing trust fund”; Greenville, South Carolina, for an example of a housing trust fund in South Carolina, and King County, Washington, which is a regional/multi-jurisdictional model, Mr. Greenway said. He described the aspects of the two phases of the Greenville study that were done before the city decided to do an HTF program. Their HTF is governed by executive boards, he said, and funding came from city council (\$2 million), philanthropic contributions (\$1 million), \$1.3 million that yielded \$47 million in leveraged funding, and 4 gap financing projects.

“A regional problem needs a regional solution” is the King County HTF slogan, Mr. Greenway said, and the steering committee suggested this would apply in our region as well, so it suggested a multi-jurisdictional housing trust fund. Widening the jurisdictional boundaries produces high financial leverage capabilities, produces a large number of dwelling units per year, and leverages existing organizations as partners, he said.

Affordable housing is an economic development issue, Mr. Greenway said. In some parts of Beaufort County, people can’t find enough workers to keep their businesses open because those workers can’t find affordable housing. Some companies are able to find solutions on their own to this problem, such as by organizing vans to transport workers who live far away in places where they can afford housing, and by financing temporary housing for employees.

Mr. Greenway reviewed the process for establishing the SoLoCo regional housing trust fund:

1. Secure funding from each jurisdiction for a consultant through intergovernmental agreements
2. Develop and distribute an RFQ
3. Appoint a steering committee
4. Prepare a consultant contract and start work

When the RFQ is out, they will ask Beaufort for two representatives for the steering committee, Mr. Greenway said. Councilman Cromer asked if the steering committee would be responsible for providing “the input for what the consultant does,” and Mr. Greenway said yes.

Mr. Greenway feels the housing trust fund will take them from doing dozens of units a year to doing “hundreds of units every year, if we want to take that step.”

Councilman Cromer said Greenville had a \$2 million surplus that it contributed, and the city was able to leverage money from large area businesses; without those funding sources, he asked what would be done here. Mr. Greenway said he doesn't know what those options are yet, but he recommended against worrying about funding right now; he feels "we're doing things right."

Councilman Murray asked about the composition of the steering committee: There are a couple of each group (realtors association, home builders association, etc.) on both ends of Beaufort County but only one representative of those groups on the committee. Mr. Greenway said they would work that out.

Councilman Murray said he is concerned that there isn't "some structure to incentivize projects in our existing urban areas." Beaufort is losing its young professionals, he said, and an HTF could "help solve a lot of the problems that we're facing," but he would "hate for urban municipalities to contribute to this fund to incentivize a development pattern that's going to increase sprawl into Jasper County, when I think that's going to occur anyway." He'd like a consultant to look at a way to provide incentives for redevelopment in urban corridors. Mr. Greenway said, "Planning touches everything," and "planning has to have balance," so they will need the framework in place to do that, which he hopes the steering committee will help with. They want to "reduce travel distances" for people to get to the places where they're able to find work, he said.

Councilman Murray said the Bowen National Research study did a good job of showing "possible tools," one of which is "regulatory fees for all classes of housing." Every one is basically charged the same thing, he said, even though higher-end houses and developments "drive up the prices for everybody." The study indicated that both low- and "a significant amount of higher-priced tiers" of housing are needed. Council has charged Beaufort city staff with looking "at our regulatory fees," Councilman Murray said. There needs to be a "comprehensive" housing program, he feels.

Mr. Greenway agreed and said fees at the local government level are one issue, but also, people complain that the impact fee for water and sewer "is astronomical," which is may be, so they need to get BJWSA representatives in a room to discuss options to work together to bring those fees "more in line" for affordable housing projects. He said there is language in the RFQ that asks the consultant to look at the regulatory framework and to point out "impediments to doing attainable/affordable housing." They will possibly have to address code issues, too, Mr. Greenway said.

FY2020 ATAX (ACCOMMODATIONS TAX) GRANT RECOMMENDATIONS - TOURISM DEVELOPMENT ADVISORY COMMITTEE (TDAC)

Vimal Desai said TDAC met last Thursday to hear grant request presentations.

The full amount of ATAX to be distributed – after subtracting amounts budgeted for

police support and repairs to The Arsenal building and adding \$41,000 from the “enterprise fund” – was \$201,935, and TDAC received \$390,000 in grant requests, Mr. Desai said, so the committee decided the majority of the funds should go to the Convention & Visitors Bureau (CVB), which is the city’s DMO (designated marketing organization) because of the high rate of return for the dollars it has been awarded. The focus was on bringing “new tourism opportunities,” rather than on “existing, successful tourism opportunities,” he said.

Jonathan Sullivan said, “The big things we were talking about” were how to “inspire organizations to hold events or activities that will generate overnight accommodations when we see dips in our tourism economy,” and “how to better diversify our marketplace.” He discussed a TDAC recommendation that council supported from the previous year to fund “a group sales initiative” by the CVB. “Our market really consists of two types of consumers:” military and leisure travelers, Mr. Sullivan said. Only about 8% of the market is business travellers, he said, so “last year the CVB asked for funding to grow group” travel and to get new business during the week. They successfully generated about 2,000 overnight stays, which at “our market rate is about \$180,000 in new business, which happens during the week.” Sunday through Wednesday occupancy is low, he said, so they are looking at how to “inspire groups to do activities” and to travel here during the week.

Councilman Murray asked if TDAC recommended funding for any of the other organizations that applied. Mr. Sullivan said they didn’t collect the spreadsheet with the committee’s scores of those organizations and their recommendations; they thought **Kathy Todd** would have provided them in council’s packets. He said they had made recommendations assuming that they could use the enterprise funds.

Mr. Sullivan said this is his fourth time on TDAC, and he feels this was the best year yet, in terms of the thoroughness of the applications and the data applicants provided.

BEAUFORT COUNTY ECONOMIC DEVELOPMENT UPDATE

John O’Toole, executive director of the Economic Development Corporation (EDC), gave out a handout with an update.

71% of the leads he gets come from a company or an individual already in Beaufort County, Mr. O’Toole said. He provided a “dashboard” of numbers for Beaufort County. North of the Broad, those numbers included 213 new jobs, an average salary just under \$52,000, \$2.7 million in incentives to companies, and \$422,000 toward City of Beaufort projects.

Mr. O’Toole said the additional funding they are getting is allowing lead generation, and they are working on developing the EDC’s relationship with Southern Carolina Alliance. He discussed some of the “trade missions” he would be going on. Many leads are coming from Connecticut, New York, and New Jersey, he said.

The EDC will do a feasibility study on private fundraising, Mr. O'Toole said; this would help with economic development sustainability.

Mr. Prokop secured three proposals to improve the second floor of the Beaufort Digital Corridor BaseCamp, Mr. O'Toole said. He discussed some of the projects that the EDC has worked on and brought in. As far as creating a brand for Beaufort, Mr. O'Toole feels it's a good one, and city staff extends a courtesy to business people who come here that creates that brand and makes a real difference to those people.

There is more to come in the future on the spec building in Beaufort Commerce Park, Mr. O'Toole said. If they don't have an answer this week – which he anticipates they will – they “expect to go out for funding on it.”

The county and the EDC board have asked him to “look at product for the future” and to identify sites between now and the end of the year, Mr. O'Toole said. He feels that the proposal with the Gray family in Commerce Park is a better alternative than building sites in Yemessee, for example. There need to be a few improvements at Commerce Park, he said, but they're relatively small. The real success is with projects that are of a smaller scale than Volvo or Boeing. If the county wants to fund it, Mr. O'Toole would recommend “parcels around Parker and Bay Pines” that could be added to Commerce Park, rather than building another industrial park elsewhere.

The Myrtle Business Park is inching forward, Mr. O'Toole said. They need to “get something done on product,” because “we can sell, but you have to have something to sell,” he said. He discussed several large buildings in Beaufort and the surrounding area that “we need to sell.”

Mr. O'Toole said 223,920 square feet of real estate has been “absorbed” by new construction and in existing buildings in Northern Beaufort County. He has 8 prospects in Buffalo and Ontario that are all looking for “20,000 square feet, which would be an ideal fit for the commerce park.” The EDC board voted unanimously to use \$208,000 in site funds from the county to assist in the city's purchase of the Gray property adjacent to Commerce Park, he said.

Mayor Pro Tem McFee said there have been reverberations from economic development in his real estate office because they have seen new employees there who are searching for homes.

Mr. O'Toole said agricultural jobs are “dragging our numbers down” on per capita income in Beaufort. The current average salary here is in the \$40,000 to \$50,000 range, he said.

Councilman Murray said when they are creating jobs with a \$54,000 average wage, it should raise Beaufort's per capita income, which had sunk to about half that amount.

Councilman Murray said the process for the spec building RFP has been really frustrating, and it's a big problem because they've had success because of Mr. O'Toole and **Charlie Stone's** leadership, but they have no product. In 14 months, they've absorbed 174,000 square feet of industrial space in Northern Beaufort County, and now "we are out of buildings," he said. Councilman Murray said he'd have a real problem asking for more money for lead generation and marketing when "they have nothing to sell." The "lack of product will constrain us," he said, if everyone doesn't get serious about raising money. The commerce park is ready to go, and they need to put the companies and leads that they have right now into it, he said.

Mr. O'Toole agreed with what Councilman Murray said, adding that to get investment, "you have to . . . market on your success," so "it's incumbent on us to keep the momentum going."

Mr. Prokop said he, Mr. O'Toole, and others on the economic development team are working together on some issues. The county needs to be helped to understand that there are a lot of other communities that are also trying to get businesses to move or open up there, he said. Just getting them to visit Northern Beaufort County isn't the place to stop, he said. "We are primed right now," Mr. Prokop said, "and now we just have to make it happen."

There was a general discussion about what is happening within the other jurisdictions in Beaufort County, and about networking to generate leads.

BEAUFORT COUNTY STORMWATER MANAGEMENT UTILITY BOARD UPDATE

Mr. Prokop said **Andy Kinghorn** had been on the stormwater board, and now Mr. Desai is, so he would provide a quarterly update.

Neil Desai, City of Beaufort Public Works director, said **Dan Rybak** is the new interim stormwater director for Beaufort County. The Southern Lowcountry Regional Board (SoLoCo) has created draft stormwater design standards, a draft of which has been distributed to the four municipalities and the county. The preliminary review has been completed, and the deadline has shifted to the end of March. Mr. Desai said his initial review has shown that some of the standards apply to the City of Beaufort, while others don't, "as the county is more rural in some areas" than the city is.

The Able recycling facility had a fire in July that promoted concerns among local, state, and federal environmental agencies, Mr. Desai said. Initial reports are that there was no contamination of the Okatie River. The effect on Public Works operations is that the landfill in Ridgeland is now being taxed with loads from that facility, as well as with debris resulting from Hurricane Dorian. Every load has to be documented, which is time-consuming, Mr. Desai said.

Mr. Prokop said the city is using Oliver's for "clean debris" like yard waste. This reduces

