COMMITTEE ON REAL ESTATE

July 19, 2016

A meeting of the Committee on Real Estate was held this date beginning at 3:37 p.m. at Gaillard Center 95 Calhoun Street

Notice of this meeting was sent to all local news media.

PRESENT

Councilmember White, Chair; Councilmembers Waring and Moody and Mayor Tecklenburg **Staff:** Colleen Carducci, Director of Real Estate Management; Geona Shaw Johnson, Director of Housing and Community Development; Christopher Morgan, Director of Planning; Frances Cantwell, Corporation Counsel; Cam Patterson, Director of Special Facilities; Josh Martin, Senior Advisor to the Mayor and Rick Jerue, Senior Advisor to the Mayor **Also Present:** Councilmember Wilson, Don Cameron, Rev. Blalock and Jane Baker

The meeting was opened with an invocation by Councilmember Moody.

APPROVAL OF MINUTES

On the motion of Councilmember Moody, seconded by Mayor Tecklenburg, the Committee voted unanimously to approve the minutes of the June 20, 2016 meeting.

AUTHORIZE THE MAYOR TO EXECUTE THE AMENDED AND RESTATED TRANSFER & DEVELOPMENT AGREEMENT, PREVIOUSLY REFERRED TO AS TRANSFER & DEVELOPMENT AGREEMENT I, INCLUDING EXHIBITS B & D, THE AFFORDABLE RENTAL HOUSING RESTRICTIVE COVENANT AGREEMENT AND THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF CHARLESTON, AS OWNER AND THE HOUSING AUTHORITY OF THE CITY OF CHARLESTON AS DEVELOPER. THE AGREEMENTS SET FORTH THE EXPECTATION OF THE PARTIES REGARDING THE CONVEYANCE AND DEVELOPMENT OF THE PARCELS OR TRACTS OF LAND (OR PORTION THEREOF) FOR DEVELOPMENT OF 60 AFFORDABLE HOMES; FIFTY-FIVE (55) OF WHICH WOULD SERVE AS RENTAL APARTMENTS FOR PERSONS EARNING THIRTY (30%) PERCENT TO ONE HUNDRED AND FIFTY PERCENT (150%) OF THE AREA MEDIAN INCOME AND FIVE (5) HOMES WOULD SERVE AS FOR-SALE HOUSING FOR PERSONS EARNING NO MORE THAN ONE HUNDRED AND TWENTY PERCENT (120%) OF THE AREA MEDIAN INCOME. (TMS: 459-05-04-207 AND 459-05-04-216; PARCEL A AND PARCEL J WITHIN THE COOPER RIVER BRIDGE DEVELOPMENT AREA BOUND BY MEETING, LEE, HANOVER, & COOPER STREETS IN THE CITY OF CHARLESTON) [ORDINANCE] THE PROPERTY IS OWNED BY THE CITY OF CHARLESTON.

Ms. Shaw Johnson stated that there were two changes to the Transfer and Development Agreement. The amendment that's before the Committee will allow the City to rescind the commitment of Parcels B and © and commit to the Housing Authority Parcels A, J and eventually, a portion of I. We have been working with the Housing Authority and looking at the drainage issue relative to this site. Mr. Cameron will begin his development on Parcel A. They don't have the funding in place for development on Parcel B. The City will put out an RFP relative to the remainder of those properties. The due diligence period is for six months. The first 90 days of the 6 month period will be for securing additional properties in this area, which are privately owned. In addition to building the affordable housing, the Housing Authority wants to have something commercial that will be complimentary to the residential nature of the building, as well as provide job opportunities for the residents there. We made a $2 million commitment towards the construction of this development. The goal is to begin the development in December 2017 with completion anticipated in December 2019. The breakdown regarding the target audience will remain the same. The developer will be responsible for making sure that any additional parcels secured would be added to the voluntary cleanup contract and the City will lend their expertise there. There will be 60 units in the first phase. Previously, we discussed relocating the drainage easement. In conferring with our Engineering Department, it would not be in the City's best interest to relocating it. The anticipated minimal cost was

about $.5 million. In addition to removing this, they thought the impact and the other work that would be required was not worth what it would mean to the site. Mr. Cameron along with the City secured a proposal from Lindberg and Associates for the construction of a new stormwater drainage system for the site, which is about $300,000. It is in addition to the $2 million commitment. We believe that would address the concerns the City and Housing Authority had. Councilmember Waring asked if it was just the drainage for this site. Ms. Shaw Johnson replied yes. Mr. Cameron stated that it's a reimbursable number. Ms. Shaw Johnson stated that it's a not to exceed amount. The Housing Authority along with the land owner will be required to give up about 10 feet of their property to insure that a lane or alley way is constructed between the Housing Authority's and the private owner's properties. The language was expanded related to the environmental requirements for the developer and the Housing Authority and ensuring compliance with the voluntary clean up contract.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to authorize the Mayor to execute the Amended and Restated Transfer & Development Agreement, previously referred to as Transfer & Development Agreement I, including Exhibits B & D, the Affordable Rental Housing Restrictive Covenant Agreement and the Development Agreement between the City of Charleston, as Owner and the Housing Authority of the City of Charleston as Developer. The Agreements set forth the expectation of the parties regarding the conveyance and development of the parcels or tracts of land (or portion thereof) for development of 60 affordable homes; fifty-five (55) of which would serve as rental apartments for persons earning thirty (30%) percent to one hundred and fifty percent (150%) of the Area Median Income and five (5) homes would serve as for-sale housing for persons earning no more than one hundred and twenty percent (120%) of the Area Median Income. (TMS: 459-05-04-207 and 459-05-04-216; Parcel A and Parcel J within the Cooper River Bridge Development Area bound by Meeting, Lee, Hanover, & Cooper Streets in the City of Charleston) [Ordinance] The property is owned by the City of Charleston.

(I) REQUEST APPROVAL FOR THE MAYOR TO EXECUTE THE ATTACHED LEASE AMENDMENT BETWEEN THE CITY AND TOUR MANAGEMENT SERVICES, INC. WHEREBY THE TERMS OF THE LEASED PREMISES IN THE CHARLESTON MARITIME CENTER WILL BE MODIFIED IN REGARDS TO DAYS AND HOURS OF OPERATION, RENT AND PERMITTED EQUIPMENT

(II) REQUEST APPROVAL FOR THE MAYOR TO EXECUTE THE ATTACHED LICENSE AGREEMENT BETWEEN THE CITY AND TOUR MANAGEMENT SERVICES, INC. WHEREBY THE CITY GRANTS A LICENSE TO TOUR MANAGEMENT SERVICES TO USE AN AREA OF SLIP SPACE AT THE CHARLESTON MARITIME CENTER FOR THE SOLE USE OF THE VESSEL, CAROLINA BELLE. (TMS: 459-00-00-169; 10 WHARFSIDE STREET) [ORDINANCE] THE PROPERTY IS OWNED BY THE CITY OF CHARLESTON.

Ms. Carducci stated that the Carolina Belle has historically docked there at the Maritime Center. Both of these agreements relate to the work by that company. The Lease Agreement is for the ticket office. It restricts the hours of operation, limits the amount and type of equipment in that space. The rent is $625 per year for the first year and the 3% increase thereafter. It's a 5 year potential lease term. The License Agreement allows them to dock the Carolina Belle. Exhibit B mentions the fees they pay based on an annual payment. It includes electric, garbage, license fee, and dockage fee. It limits their use to 4 tours a day, up to 4 tours in the evening per week. If they have tours that conflict with Maritime Center events, they're required to have security and abide by the rules of the Maritime Center, including a liquor policy. It limits the time they can stay out to 10pm on the nightly tours and dispersed by 10:30pm.

Councilmember Waring asked if there is a space upstairs that could be used as an office for the IAAM. He stated that he knows the Mayor and his team are looking for a place for the IAAM. During the construction phase, it would be good if IAAM could have some office space to layout the model for potential donors. He inquired about what's upstairs in the first unit. Ms. Patterson stated that the first office upstairs is the staff office. We could fiddle in the space upstairs and have a small space available.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the two items listed about related to the Charleston Maritime Center.

REQUEST APPROVAL FOR THE MAYOR TO EXECUTE THE ATTACHED MEMORANDUM OF UNDERSTANDING BETWEEN FIRST BAPTIST CHURCH FOUNDATION AND THE CITY WHEREBY FIRST BAPTIST WILL CONSTRUCT A ROAD ON A PORTION OF THE CITY'S PROPERTY AT NO COST TO THE CITY. (TMS: 428-00-00-013, 428-00-00-040; FORT JOHNSON ROAD.) THE PROPERTY IS OWNED BY THE CITY OF CHARLESTON.

Ms. Carducci stated that the property outlined in red, referring to the plat, is land owned by First Baptist. This is where they have their playing fields. In 1999 the City decided that it was in their best interest to not have the road built through for access through the First Baptist parcel. There was an agreement between the City, First Baptist and James Island Youth Soccer so that there would be a shared road. James Island Youth Soccer has a long term lease on the City's park site. This joint use allows us to use part of their road and for them to cross and share our road going out to Fort Johnson. Some years ago, First Baptist looked at putting their high school here because of the density on the Peninsula, parking and other issues. At that time, there was a discussion that that use would be better located on the Dill Tract. The church agreed and built their recreation center over at that location. They have been working with Sabal Homes to develop this property. The Joint Use Agreement says that if they were to subdivide this property, they would be obligated to build a replacement road to City standards that would be dedicated and have shared access. We came up with this MOU to come up with a solution. The road will be built to City standards. The City's property will require subdivision because the road will cut through. They are going to build the road. The shape of the road has change. It is intended to slow the traffic. There will be no onstreet parking, which is a safety measure. When First Baptist closes on this transaction, they will give the City $100,000 to improve the parking on the City property. They will give the City a portion of the Flagpole. They will put a 4-foot fence around the playing field and they'll build the street so that it has street lights and sidewalks. During the construction of the road, they will provide a temporary access onto the City's property in this area. They have agreed to let our Recreation Department during the construction period to use one of the fields at the Dill Tract. The process will provide a safer route. It will also allow the current road, which is made of dirt, to be hardscaped.

Councilmember Waring asked who owns the road. Ms. Carducci stated that, currently, a portion is owned by the City and a portion is owned by First Baptist. Councilmember Waring confirmed that it will be dedicated once it's built to standards. Ms. Carducci stated that once it's completed and approved by Building Inspections and goes through the process, it will be a dedicated right-of-way. Councilmember Wilson stated that she met with Rev. Blalock, Mr. Morgan and Ms. Carducci and they gave a great presentation. This is going to be a benefit. The dirt road has been a thorn to the Bayview neighbors abutting on many years because of the dust. It was never fleshed out to anyone that there was a joint ownership of the road. She's satisfied with this. Mayor Tecklenburg thanked Rev. Blalock for his attendance at the meeting and for his patience. This has been in the works for a while. We appreciate their patience and we're happy to get it resolved.

On the motion of Councilmember Moody, seconded by Councilmember Waring, the Committee voted unanimously to approve the request of approval for the Mayor to execute the attached Memorandum of Understanding between First Baptist Church Foundation and the City whereby First Baptist will construct a road on a portion of the City's property at no cost to the City. (TMS: 428-00-00-013, 428-00-00-040; Fort Johnson Road.) The property is owned by the City of Charleston.

REQUEST AUTHORIZATION FOR THE MAYOR TO SIGN THE FOURTH AMENDMENT TO DEVELOPMENT AGREEMENT (DANIEL ISLAND, BERKELEY COUNTY) [ORDINANCE]. THIS PROPERTY IS OWNED BY THE CITY OF CHARLESTON AND DANIEL ISLAND ASSOCIATES, LLC AND ITS AFFILIATES.

Ms. Cantwell stated that when the City annexed Daniel Island, along with that came the first Development Agreement ever executed in the state. We knew Daniel Island was going to be a planned community and we knew that an important component of it was to have public parks and public spaces. In tandem with signing the Development Agreement, the City prepaid for certain lands that would be set aside on the Island for parks that we would construct it as a certain number of dwelling units came online. The plan was done in 1995 and served the Island well, but the program and people's needs and wants have changed. The purpose of this fourth amendment is to redesignate the City's obligation with respect to certain parks on the Island. The City owns about 80 acres of property on the south end of the Island. Of that, there are about 50 acres that could be used for recreational purposes. We had agreed to spend about $3 million to develop it into a regional park. The land has been fallow for a number of years and the access to it hasn't been constructed yet. Over the years, the community realized the Island needs a community center. This amendment would allow the money that would have been used for the south end park to be spent on Governor's Park for the construction of a recreation center. With that being done, the City would no longer have a financial obligation for the south end. The proposal would be to lease it for a considerable period of time to the Daniel Island Town Association for them to develop as they want for recreational and agricultural uses. It will be the responsibility of association to build it, maintain it, and provide the access. It will have to be accessible by the public. They'll have to provide access across their property and ours so that we can get to other property that the City owns on the south side.

Councilmember Moody asked if there was a timeframe on the south park to be developed or if it was open. Ms. Cantwell replied that it's not open. She stated that it will be tightened up during the lease agreement. We've provided with this amendment that the Daniel Island Town Association and the City, within the next 2 years, will have to start the process to get the road build and permitted. They're going through wetlands so it will take a while. Councilmember Waring asked who the parcel that the City was giving up was going to. The Chair stated that it's the nonprofit that takes care of the Town Center. Ms. Cantwell stated that there is a dock that was built with private funds at the Volvo Tennis facility. The idea would be to use it to ferry back and forth from the Peninsula or Mount Pleasant to get to the tennis facility without having to use your car. The proposal would be to transfer that dock to the Daniel Island Town Association, who would be responsible for maintaining it. It would have to be publicly accessible. The trails associated with that park will probably have easements over them instead of an outright sale. The trails would be subject to maintenance and under the control of Daniel Island Town Association (DITA) It will have to be publicly accessible. The City has an ongoing erosion control program in place that we will finish before that transfer happens. The Development Agreement also identified some very nice property near Governor's Park that was earmarked to be a waterfront park. It's about 3 undeveloped acres and is still under the control of the developer. The proposal would be for the developer to convey that park to the City and the City will convey it to DITA with appropriate covenants to assure that it will be built as a waterfront park and it will be publicly accessible during the same hours as the Governor's Park. It will have parking and the City will have input as to the design and what elements go into the park, but the City will not have to pay for it. There's a 6 acre park near the golf course. The City has the right to build a park on that property. We are still studying that issue. If the park can't be built, it will be transferred to the developer to develop and one acre of that 6 would have to be set aside for a public park.

Councilmember Waring inquired about how many acres it was. Ms. Cantwell stated that it's about 6 acres. There's a little lowland in it. It's going to be hard to develop with the trees, but it can be done. The Chair stated that it's really nice, but there are some big, nice grand trees. There are some parts that are deeper than others, so putting in roads will be a little challenging. The other issue is that it's next to the maintenance facility. It gives us options. We have two years to decide what we want to do. Mayor Tecklenburg stated that during that same time, we will be finalizing the cost of the center. Ms. Cantwell stated that it will ultimately depend on the budget Council approves. Councilmember Moody asked if that's coming out of General Revenues. Councilmember Waring asked if it would be a TIF. Mayor Tecklenburg replied no. They hope to bring to the Committee and Council a proposed lease agreement with the State Ports Authority to have a long term lease on one of those parcels that we own that's being currently used as a dredge spoil site. That will give us a good leg up on the funding of this. We will have to use some

General Funds to fulfill this existing commitment. The Chair stated that he has had some conversations with some large private corporation citizens on Daniel Island to gauge their interest in helping with the funding and he has received some positive feedback. There will be a lot of ways to pay for it, and we're starting to think about it. Councilmember Moody stated that he just wanted to know where we're heading. Mayor Tecklenburg thanked the Chair for his efforts in helping get this amendment completed. He also thanked Jane Baker for her work to bring this forward. Councilmember Moody stated that the Chair did a great job of keeping the Committee informed. The Chair thanked the Mayor for his leadership as well as Ms. Cantwell.

On the motion of Councilmember Waring, seconded by Councilmember Moody, the Committee voted unanimously to approve the request for authorization for the Mayor to sign the Fourth Amendment to Development Agreement (Daniel Island, Berkeley County) [Ordinance]. This property is owned by the City of Charleston and Daniel Island Associates, LLC and its affiliates.

There being no further business, the meeting was adjourned at 4:14 p.m.

Techina Jacques
Council Secretary