

Community Development Committee

January 20, 2022

A meeting of the Committee on Community Development was held this date beginning at 3:05 p.m. over video conference call.

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

Present: Councilmember Mitchell, Councilmember Parker, Councilmember Appel, and Councilmember Sakran. Councilmember Waring and Councilmember Gregorie joined at 3:07 p.m. **Also Present:** Andrea Derungs, Patrick Carlson, Matt Ojala, Geona Shaw Johnson, Christopher Morgan, Chloe Stuber and Julie Copeland

Chairman Mitchell called the meeting to order.

The meeting was opened with an invocation provided by Chairman Mitchell.

Approval of Minutes

On the motion of Councilmember Appel, seconded by Councilmember Sakran, the Committee voted unanimously to approve the minutes of the November 18, 2021 meeting.

New Business

- A. Consider a resolution certifying property located at 94 Sheppard Street (Charleston County TMS No. 460-04-04-086) as an abandoned building site under section 12-67-160 of the South Carolina Code.**

Ms. Copeland shared her screen, showing the property described in Item A, and said the owner had submitted an application of intent to seek the abandoned tax credit. She said ultimately the property was in full compliance with the requirements necessary to take the application to the Department of Revenue, and the Resolution in question concerns acknowledging the property in Item A as abandoned.

On the motion of Councilmember Gregorie, seconded by Councilmember Sakran, the Committee voted unanimously to approve Item A.

Old Business

- B. Accessory Dwelling Unit Ordinance Amendment, Section 54-214, Governing Accessory Dwelling Units**

Mrs. Shaw Johnson asked Mr. Ojala to share his research concerning national trends in ADU ordinances.

Mr. Ojala said after the passage of the local ADU ordinance in 2020, he researched other American metropolitan examples of ADU participation in response to the lack of local ADU permitting. He said it was typical for ADU certification to be initially slow like Charleston had experienced, and then it grows exponentially. Historically, slow rates of participation were typically due to zoning ordinances, parking requirements, square footage limitations, financing, and lack of local homeowner and public awareness. The ordinances in Charleston were unique because (outside of the partial example of Chicago, IL) it also mandated an affordability requirement, which ensured the ADU could be affordable at 80% AMI or below in perpetuity. He said Charleston recently experienced increased awareness in the press and the

community which resulted in an exponential increase in public interest being directed towards the Department of Housing and Community Development.

Councilmember Gregorie said he needed a contact for navigating the ADU application process for a citizen who had plans to install an ADU sourced from Home Depot. He asked, since Mr. Ojala stated that in his research, Chicago had the only other affordability clause, was it possible that people who fell below the 80% AMI percentile were already taking advantage of this option in the communities where local ADU ordinances were not regulated by affordability provisions. He asked if there was any research about the natural availability and accessibility of these units to people in need within free market examples.

Councilmember Sakran said he thought a discussion concerning the affordability component of the ADU ordinance was a worthy conversation.

Councilmember Appel said he would be happy to discuss his thoughts on the subject after any available staff had offered their perspective.

Ms. Johnson said not having any affordability restrictions was a possibility because, based on national research, the size and type of dwelling being discussed would ultimately result in lower rents for homeowners.

Mr. Morgan outlined an example where building an ADU in a private backyard setting would naturally be more affordable compared to a downtown apartment building with amenities. In addition, the mortgage holder gains a more affordable main housing unit because they are receiving income that also decreases the amount of money they contribute to their monthly mortgage.

Councilmember Gregorie said this concept was still theoretical within a Charleston context. He agreed with Councilmember Appel's previous comments that the free market can produce affordability-there just hasn't been enough evidence to support a locally specific pattern.

Councilmember Sakran said there were no market caps on affordability in multiple municipalities, including Atlanta, GA, Charlotte, NC, and Asheville, NC. He asked staff to create a list of successful program examples that did not mandate affordability requirements to send to the Committee for consideration. He agreed with Mr. Morgan that it was helpful to look at the entire homeowner and the associated properties in question to see the positive effects.

Chairman Mitchell said based on his personal and professional experiences, he did not see an open market policy that naturally evolved into affordable housing offerings as a predictably successful strategy in the City of Charleston.

Councilmember Appel talked about how ADU state-level legislation in California forced local zoning restrictions to relax their development codes and was a primary mechanism for driving down housing affordability costs and that those lessons could be applied throughout the City of Charleston. This concept could make a significant impact in the lives of many citizens if the focus was accessibility and education. He said an affordability clause would be difficult and costly for citizens to navigate, and he thought layers of regulation would deter participation. He said it was not necessary to promote this program in the traditional sense, and by streamlining the environment that allowed people to research, consider, and execute this option, the City of Charleston would expand the effects of this program across the appropriate communities.

Chairman Mitchell said his primary issue was the proposed lack of regulation and did not want to disenfranchise the people who need this type of housing for the sake of certain property owners to make money.

Councilmember Waring said he thought it was possible to execute both strategies and create an ordinance package that incentivizes people to build both affordable units and market-priced units. One of the proposals concerning ADU installation debates the amount of tax levied against the property. He proposed seeking an agreement with Charleston County Council to create different incentivizing packages (e.g., being taxed at only 4% when building affordable housing, creating a grant to invest in affordable construction, foregoing tax reductions/grants and offering market-rate options) that would appeal, and expand the program, to the widest possible audience. He said that he agreed with Councilmember Appel and Councilmember Gregorie's proposal to create a more consumer friendly and accessible process. By creating an open system that approached this issue in a balanced manner, this proposal could accomplish what it was meant to accomplish: providing a range of affordable housing that appeals across the board.

Mrs. Shaw Johnson said her team was concentrated on creating an incentive package that focused on affordability. In addition to the \$20,000 construction contribution, ADU design services, streamlining the approval process, and finding lenders to partner with, members of the Department of Housing & Community Development and the Department of Planning, Preservation & Sustainability were available to help homeowners navigate this process. Recently, as Mr. Ojala mentioned, an article about the option was published in the *The Post & Courier* and the Department of Housing & Community Development was subsequently inundated with project inquiries. She reminded the Committee that what they were discussing was an amended ordinance, supported by the Planning Commission, which ensures affordability status for a period of 30 years.

Councilmember Gregorie clarified that it was already possible for people to develop an ADU, without income restrictions if it was used by immediate family members. He then asked if it was possible to simply expand that existing clause to not include family members while simultaneously offering incentives to other homeowners interested in developing affordable housing options.

Mrs. Shaw Johnson said she had previously asked Chip McQueeney how this ordinance would be fashioned to allow for both options, and will inform the Committee about his response.

Councilmember Gregorie said the California comparison was not valid and reiterated his request to find any relevant data concerning communities that passed ADU ordinances without affordability restrictions, compared to the actual amount of affordable qualifying participants, to ensure that the Committee's discussion was not centered on speculation.

Councilmember Sakran agreed with Councilmember Waring's dual development track. He asked Mrs. Shaw Johnson to clarify the individual project's \$20,000 contribution from the perspective of a homeowner.

Mrs. Shaw Johnson said a homeowner that participated in the ADU development program with a certificate of occupancy detailing a completed unit, ready to rent, would receive \$20,000 to help offset construction costs.

Councilmember Sakran thanked her for her explanation and reiterated his support for a balanced approach that provided both affordable and market-price ADU housing options.

Mr. Ojala acknowledged the importance of Councilmember Gregorie's question concerning relevant data and said that further research would be passed on to the Committee.

Councilmember Appel said while the Lowcountry was not inherently similar to California in nature, Charleston's regional housing market was reflective of California communities in recent decades and the City was approaching a similar housing affordability tipping point. He also agreed that a dual ADU ordinance approach was an appropriate path forward.

Mrs. Shaw Johnson said her office would come back to the next meeting with data addressing some of the suggested concerns and will work on updating the proposed ordinances.

Councilmember Gregorie clarified that this was not an inherently African-American community issue because so many people across multiple backgrounds were facing a housing affordability crisis.

Chairman Mitchell agreed and said it would be discussed using broad statements to ensure that all groups would be considered simultaneously.

Councilmember Waring suggested the incentive package be modified to allow for partial access to the \$20,000 contribution at different points of the building and inspection process so that property owners can be supported in stages and not shouldered with the entire burden of construction.

Mrs. Shaw Johnson said that her office would look into Councilmember Waring's proposal.

There was no action taken.

Having no further business, the Committee adjourned at 3:56 p.m.

Patrick Carlson
Clerk of Council's Office