



JOHN J. TECKLENBURG  
MAYOR

*City of Charleston*

VANESSA TURNER-MAYBANK  
CLERK OF COUNCIL

*South Carolina*

*Clerk of Council Department*

**SPECIAL MEETING  
COMMUNITY DEVELOPMENT COMMITTEE AGENDA**

A meeting of the Community Development Committee will be held at 4:30 p.m., **Thursday, March 7, 2019** at 80 Broad Street, 2<sup>nd</sup> Floor City Hall Council Chamber. The agenda will be as follows:

- Invocation
- a. **Public Participation**
- b. **Approval of Minutes**
  1. February 7, 2019
- c. **Old Business:**
  1. Opportunity Zone Proposal for the City of Charleston
- d. **New Business:**
  1. Community Development Block Grant Timeliness Requirement and Reallocation of Funds

**Miscellaneous Business**

**Adjournment**

If you have a conflict with this meeting, and will not be present, please call the Clerk's Office at 724-3726. Thank you for your cooperation in this matter.

VANESSA TURNER MAYBANK  
CLERK OF COUNCIL

cc: Councilmember Robert Mitchell., Chairman  
Councilmember Carol Jackson, Vice-Chair  
Councilmember William D. Gregorie  
Councilmember Gary White  
Councilmember James Lewis, Jr,  
Councilmember Perry K. Waring  
Mayor John J. Tecklenburg  
Mike Whack, Quality of Life  
Geona Shaw Johnson, Housing and Community Development  
Susan Herdina, Legal Department

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# City of Charleston Opportunity Zone Pilot Program Proposal

## Program Overview:

In order to take advantage of the Opportunity Zone designations that now exist in the City of Charleston, a pilot program of Zoning Ordinance Amendments is proposed.

This program would stimulate the development of affordable and workforce housing, while also increasing the overall housing supply and helping to keep down costs for rental housing at market rates as well.

There are several aspects of the program, in two categories: Housing Affordability and Small Business Development. By packaging them together, the City's proposal can benefit property owners, renters, investors, and businesspeople, and improve vitality and quality of life in our beloved city.

In order to take full advantage of these proposals, projects would need to meet the Federal definition of a "Qualifying Project" and be funded at least in part through a Qualified Opportunity Fund. Using the funding mechanism as a trigger avoids triggering a variety of levels of review, speeding approvals through the process pipeline.

## Housing Affordability Proposals:

### ***Upper Peninsula District Affordable Housing Requirement:***

In addition to recent Affordable Housing changes made to the UP criteria, projects making use of the Opportunity Zone provisions would also receive 4 UP points, and would be able to double the points they received through affordable housing provisions of the UP ordinance.

### ***Automatic Workforce Housing Opt-In:***

Allow any commercial property owner to receive the benefits of MU/WH in any underlying commercial Zone District. No rezoning would be required. The property owner would only have to demonstrate to the Zoning Administrator that the project is a Qualifying Project funded wholly or in part by a Qualified Opportunity Fund. Detailed restrictions would apply.

Up to the base allowed density of the zone district, require the standard MU/WH ratio of a minimum of 20% rental workforce housing, without allowing commercial substitution. Over and above that, require a 50% rental Opportunity Zone workforce housing ratio in additional units.

Limitation on density would be a natural result of building envelope limits and parking requirements, as it is in the MU/WH districts.

In the Unit Bonus accrued from the Opportunity Zone, a workforce housing unit are capped at 60% of AMI. Workforce Housing units in the regular count (up to the allowed density of the base district) are capped at 80% of AMI.

Increased fee-in-lieu, adjusted parking, and reduced AMI textual changes to keep in conformance with the rest of the section.

Commercial uses appropriate to the base zone district would still be allowed.

## Small Business Development Proposals:

***Business Parking Changes:***

For most business types, a significant reduction in parking requirement would be offered in the opportunity zone. The reduction would be 50% for uses that would require four or more spaces, and a 100% exemption from parking requirements for uses that would require three or less spaces. Restrictions would apply, and only certain categories of business would be able to take advantage of this provision. This would encourage smaller commercial spaces that are inherently and naturally affordable to small businesses with a community focus.

Second-floor units would be exempt from all parking requirements, except that this exemption wouldn't apply to residential, accommodations, or office uses. This would allow more commercial use of second floor spaces, which are inherently more affordable than first-floor spaces, and would likely stimulate new businesses.

***Business Zoning Corner Opt-In:***

This final portion of the pilot program would allow any corner property in a DR or SR zone district that is normally eligible for two or fewer dwelling units to have any of the uses allowed in the RO or GO zone district subject to the restrictions of the Zoning Ordinance as appropriate to the proposed use, as long as it also maintains at least one dwelling unit on the property. This would recapture the character of old Commercial Corners for property owners who wanted that, but would require that housing supply was not substantially reduced and would help with the shortage of smaller office spaces on the Peninsula.

## **MU/WH Changes:**

### **Amend Sec. 54-299 to read:**

The MU-1/WH and MU-2/WH districts, being incentive based, are only available to property owners who apply for the district designation, *except that any property owner may receive the benefits of these districts without applying for the district designation subject to restrictions outlined in Secs. 54-299.1-54-299.7 by demonstrating to the Zoning Administrator that the project is a Qualifying Project funded wholly or in part by a Qualified Opportunity Fund and the project lies wholly or in part within a federally-designated Opportunity Zone, and the property in question has a zoning of LB, GB, CT, GO, LI, or HI.*

### **Add Subsection g to Sec. 54-299.1 as follows:**

*G. Opportunity Zone workforce housing unit: In a development taking advantage of the Opportunity Zone provision of Sec. 54-299, a dwelling unit, where occupants have, in the aggregate, household income less than or equal to sixty (60%) percent of the area median income (AMI). Area median income (AMI) shall be determined annually by the United States Department of Housing and Urban Development as adjusted by the City of Charleston Department of Housing and Community Development, or their successors.*

### **Amend Sec. 54-299.1, subsection c to read:**

c. Qualified household: Households where occupants have, in the aggregate, a household income less than or equal to one hundred twenty (120%) percent of the area median income (AMI) for owner occupied units, and a household income less than or equal to eighty (80%) percent of the area median income (AMI) for rental units, *and a household income less than or equal to sixty (60%) percent of the area median income (AMI) for Opportunity Zone units.* Area median income (AMI) shall be determined annually by the United States Department of Housing and Urban Development as adjusted by the City of Charleston Department of Housing and Community Development, or their successors.

### **Add Subsections j and k to Sec. 54-299.2 as follows:**

*J. In a development taking advantage of the Opportunity Zone provision of Sec. 54-299, the number of rental workforce housing units per development shall be the greater of: (1) one unit; or (2) twenty (20%) percent of the number of residential units in the development, rounded up to the next whole number, whichever is greater. This ratio shall apply to all residential units built up to the maximum number of residential units that would be legal under the base zone district of the property. The workforce housing units shall be sized, in terms of square footage and number of bedrooms, comparable and proportional to the square footage and number of bedrooms of the market rate units in the development as a whole. The smallest workforce housing unit by bedroom count shall not be smaller than the smallest market rate unit with the same number of bedrooms. The workforce housing units shall be integrated and intermixed within the market*

*rate units in a development and not clustered together or segregated from the market rate units. Developments that contain multiple buildings shall incorporate in each building workforce housing units comparable and in proportion, square footage and bedroom wise, to the number of market rate units in the building. Exterior finishes of workforce housing units shall be the same type and quality as the development's market rate units.*

*While a development taking advantage of the Opportunity Zone provision of Sec. 54-299 would be eligible to provide commercial space legal under the base zone district of the property, such space cannot be substituted for providing residential workforce housing units.*

*K. In a development taking advantage of the Opportunity Zone provision of Sec. 54-299, and exceeding the number of dwelling units that would be legal under the base zoning of the property, the number of Opportunity Zone workforce housing units per development shall be the greater of: (1) one unit; or (2) fifty (50%) percent of the number of residential units, rounded down to the next whole number, whichever is greater. This ratio shall apply to all residential units built in excess of the number of residential units that would be legal under the base zone district of the property.*

**Amend Sec. 54-299.2 c to read**

c. Fee payment in lieu of units (rental units only): In lieu of providing on site rental workforce housing units, a developer may choose to contribute a fee, on a per unit basis, to the City's Affordable/Workforce Housing Account for any or all of the number of workforce housing units required for the development.

The fee, per unit, shall be a sum equal to the number of gross square footage in the development, whether residential, retail, commercial or otherwise, and inclusive of all heated and unheated spaces (but excluding parking garages) multiplied by \$5.10, then divided by the number of required workforce units in the development. Square footage initially used solely as a grocery store or pharmacy may be excluded from gross square footage for purposes of calculating the fee; provided however, if at any time during the period of twenty-five (25) years after the issuance of a certificate of occupancy for the development, the use of the square footage as a grocery store or pharmacy lapses for a period of twelve (12) consecutive months, or is utilized for any other purpose, the then owner of the development shall be required, as a condition of occupancy of such space, to pay a sum equal to the difference between fee per unit that would have been payable had the space not been excluded from the per unit calculation and the fee per unit initially.

Fees shall be calculated at the time of building permit application, and paid in full prior to the issuance of a certificate of occupancy for any part of the project.

*Fee payment in lieu of units for projects taking advantage of the Opportunity Zone provisions of Sec. 54-299 shall be ten million dollars (\$10,000,000) for the first Workforce Housing unit not provided, and shall be doubled for each additional Workforce Housing unit not provided.*

*(\$20,000,000 for the second unit not provided, \$40,000,000 for the third, et. seq.) The fee for each unit shall be tripled if it is not paid before the issuance of a building permit.*

**Amend Sec. 54-299.3 to read in part:**

Parking requirements for an owner occupied workforce housing unit or rental workforce housing unit shall be one (1) space per two units. *Parking for an Opportunity Zone workforce housing unit shall be one (1) space per six (6) units.*

Parking requirements for an owner occupied market rate housing unit or rental housing unit shall be one (1) space per unit, *except that the parking requirement for a market rate housing unit built under the Opportunity Zone provision of Sec. 54-299 shall be one (1) space per three units.*

## **Business Parking Changes:**

### **Add Subsection c to Sec. 54-317 as follows**

*c. Opportunity Zones – Projects permitted as new construction or renovation and demonstrating to the Zoning Administrator that the project is a Qualifying Project funded wholly or in part by a Qualified Opportunity Fund and located wholly or in part within a federally-designated Opportunity Zone shall be exempt from these requirements in part, as follows:*

- 1. Only uses in the categories of "Institutional and Community Service," "Business, Entertainment, and Office," "Industrial," or "Recreational" in table 3.3 may be exempted under the terms of this section. Restaurant and Bar uses may not be exempted from this section.*
- 2. For uses requiring four or more parking spaces under table 3.3, 50% of the square footage of the use shall be exempt from the parking requirements of this chapter.*
- 3. For uses requiring three or fewer parking spaces, no off-street parking shall be required, except that no permit shall be granted that allows the exemption of more than fifteen parking spaces by this method.*

### **Amend Sec. 54-316 to read in part:**

Sec. 54-316. - Applicability of requirements.

At the time any building, structure, or outdoor commercial space (a use not utilizing a structure) is constructed, reused, enlarged, or increased in capacity by the addition of dwelling units, guest rooms, floor area, or seats, the required number of off-street automobile parking spaces with adequate provisions for ingress and egress by an automobile of standard size shall be provided for the new or enlarged use(s) pursuant to Table 3.3. Properties within the GP zoning district shall be exempt from all provisions of Part 4: Off-Street Parking Requirements, with the exception of Section 54-317, subsection b. relating to the maximum area of paved parking spaces and aisles. *Uses on the second finished floor of any property within a federally-designated Opportunity Zone shall be exempt from all provisions of Part 4: Off-Street Parking Requirements, except that this exemption shall not apply to restaurant, bar, residential, or accommodations uses.*

## **Business Zoning Changes:**

### **Amend Sec. 54-203 to read:**

Sec. 54-203. - Permitted principal uses.

Permitted principal uses for each base zoning district, except for Agricultural zoning districts, shall be as set forth in Part 3: Table of Permitted Uses, and as modified by special provisions, exceptions and conditions contained herein. For permitted principal and accessory uses in Agricultural base zoning districts, see Article 10. Principal use means the primary or predominant use or uses of a lot or parcel. The Table is based upon the 1987 Standard Industrial Classification Manual. Accessory uses, which for the purposes of this Chapter are defined as uses of land or of a building or portion thereof which are customarily incidental and subordinate to a principal use located on the same lot or parcel, are allowed, except that communication towers, home occupations, residential short term rentals, home day care facilities, and limited commercial uses within the GO district are only allowed pursuant to the requirements specified in Part 4: Accessory Uses, of this Article.

a. Symbols used in the Table are as follows:

1. \*bull; means that the indicated use is permitted by right in the indicated district;
2. † means that the indicated use is permitted in the indicated district, subject to the granting of a special exception by the Board of Zoning Appeals;
3. ‡ means that the indicated use is permitted in the indicated district as a conditional use, subject to a finding by the Zoning Administration that the use satisfies specific conditions listed herein.
4. H means that the indicated use is permitted but the hours of operation for that use are restricted to normal business hours for that district as listed in Section 54-204.

b. Any use not permitted in a district is expressly prohibited, *except that within a federally-designated Opportunity Zone, any property in a DR or SR zone district that fronts on two or more public rights-of-way and contains or is eligible for two or fewer dwelling units may have any of the uses allowed in the RO or GO zone districts subject to the restrictions of Sec. 54-204, Sec 54-207e, and Sec. 54-207j as appropriate to the proposed use as long as the property also maintains at least one legal dwelling unit.*

c. A section number following the use category means that the special exception or conditional use is allowed where indicated on the Table but must meet the conditions and requirements set forth in the referenced section of this Article.

d. The Zoning Administration may utilize the Standard Industrial Classification Manual to determine the appropriate classification of a land use.