

Lee Higdon, President
Charlestowne Neighborhood Association
P.O. Box 548
Charleston, SC 29402
charlestowneneighborhood@gmail.com

April 7, 2023

VIA US MAIL AND EMAIL

The Honorable John T. Tecklenburg
Mayor of the City of Charleston
PO Box 652
Charleston, SC 29402

RE: PROPOSED DEVELOPMENT OF UNION PIER

Dear Mayor Tecklenburg:

I writing to you as the President of the Charlestowne Neighborhood Association ("CNA"), on behalf of the Board and members of CNA, to set out CNA's concerns related to the proposals for developing Union Pier. CNA submitted a letter, dated October 7, 2022, to the South Carolina Ports Authority ("SCPA"), cc to you and the members of the City Council, responding to SCPA's request for input on the SCPA's sale and development of the Union Pier site. Since that letter, more details have been provided, and more questions have been raised, not only about the physical alterations proposed for the site, but also about how those alterations will be financed.

We are copying all City Council members on this letter because, although the physical alterations for Union Pier will occur only at that site, the proposed development will affect the entire city (including not only CNA members, but all citizens, on and off the peninsula). Potential city-wide adverse effects derive from: a) the proposed financing of the development at Union Pier (which will limit the use of hundreds of millions of tax revenues to the site only); and b) the consequences of the proposed new demands for city services (from new residents, students, hotels, cars, etc. at Union Pier) on a city that is already overburdened. As we understand the proposal, the new infrastructure proposed for Union Pier will cost in the hundreds of millions of dollars and it will be paid for by tax revenues; neither the SCPA nor the developer will pay for this infrastructure, although the SCPA is expected to receive profits of up to \$400 million, or more, on its sale of the site.

The overall objective of the CNA, supported by the points below, is to ensure that the development of Union Pier will, with the lowest possible cost to the City, result in resilient structures that are consistent with the height, scale, density, uses and character of the structures in historic Charleston. In our view, the proposed development is far from this goal; it is denser, with less green space, and greater average height, than historic Charleston. The SCPA and its planner (and, most likely, its developer), Lowe, have asserted that this undesirable level of development is "needed" to generate the tax revenues to pay for the infrastructure at the site. However, the SCPA and Lowe have not provided the data to justify this assertion. Moreover, they have not explained why the amount of tax proceeds needed to pay for the

proposed infrastructure expenses cannot be reduced: by increasing the contributions of the SCPA and/or its developer to those expenses; and/or by reducing the proposed level of density.

1. Financial Analysis

Representatives of the SCPA and Lowe have proposed infrastructure (e.g., flood control measures) that will cost in the hundreds of millions, and have assumed that the City will implement a TIF (Tax Increment Financing) to pay for all, or substantially all, of that infrastructure. Through the TIF, all "incremental" local tax revenue resulting from the development of Union Pier (which would be 100% of that revenue given that Union Pier is not paying local taxes now) would be used only to pay for the infrastructure at Union Pier, and would not be available to other parts of the City for general (e.g., law enforcement, garbage, resilience, school, public transit) purposes.

The assumption cited above – that increasing the TIF's income, by denser development, is the only way to pay for more infrastructure – is erroneous. The City could achieve similar infrastructure, with less development if:

- a) the developer bore more of the infrastructure expense (which would reduce the net returns to the developer and/or the proceeds of the SCPA);
- b) the duration or other terms of the TIF were changed to provide more income from the desired level of development; or
- c) other sources (e.g., federal, state, private) funded more of the infrastructure. Lowe has asserted that it has investigated other sources of funding but there has been no transparency into from whom, and how, that funding was sought, nor into what responses were received.

In addition, if the density currently proposed were reduced to a level consistent with historic Charleston, less infrastructure may be needed.

Accordingly, it seems that the SCPA could achieve similar infrastructure, with less density, and a lower purchase price. The SCPA has not explained why it would not be feasible for the SCPA to live with less sale proceeds. The SCPA has asserted that it will use the sale proceeds to fund additional capital investments (e.g., Leatherman terminal) but it has not asserted that these proceeds are necessary to fund those investments, i.e., that funds are not available from other sources (e.g., loans/bonds).

In light of the above, the CNA recommends that the City – its Mayor and each and every City Council member – should not approve the PUD until the SCPA and the City have publicly established clear financial plans for the development, including:

- a) how and why the expenses of the infrastructure will be allocated between the developers and the City;
- b) estimates of: the taxes that will be generated by the proposed development; the funds required for the proposed infrastructure; the infrastructure expenses borne by the developer; the purchase price to be paid to the SCPA; and what portion of the taxes can be used for other City services;
- c) how the City will finance the infrastructure expenses that the City will bear, including the terms of any TIF (and other tax regime(s)) imposed for that purpose; and
- d) appropriate levels of effort to determine whether and how other sources (federal, state, county) could pay for some of the infrastructure.

2. Hotels

The Union Pier PUD proposes hundreds of new hotel rooms on the peninsula while, at the same time, there are hundreds of new hotel rooms being approved, currently and frequently, both on the peninsula and just across one of the bridges leading to the peninsula. The hotel rooms in the PUD must be considered in the broader context of everything that is going on with hotels and short-term rentals feeding tourists into our neighborhood. Accordingly:

a) the City should update its Tourism Management Plan ("TMP") before adding more hotels in Union Pier;

b) if any hotels are added in Union Pier: there should be only one hotel, which should have, at most (consistent with the comments of the City staff), 300 rooms; and the additional rooms at Union Pier should be offset by reductions in future hotel rooms planned for other parts of the peninsula; and

c) no short-term rentals should be authorized.

3. Flooding

All of the water management measures set out in the draft, Jan. 30, 2023, PUD application (even those that are cited as "conceptual in nature" and optional) should be incorporated as mandatory elements of the Union Pier development. These mandatory measures would include those that address:

– stormwater (e.g., enlargement of underground drainage system, underground stormwater storage chambers, permeable surfaces);

– tidal flooding (e.g., elevation increases, backflow prevention devices); and

– storm surge (e.g., wave attenuation devices, perimeter protection structure).

In addition: i) more space should be devoted to green infrastructure, e.g., parks and marsh; and ii) the underground drainage structures should interconnect, not only with the drainage systems to the west, but also those to the north and south. Current discussions of the City's comprehensive water plan indicate that the plan will recommend that every drainage structure will interconnect with others, so that, if one is blocked, the water can still find a way out. To achieve that goal, the north-south interconnections seem vital.

The implementation of these measures, by the developer(s), should: be subject to approval by the Mayor's Office of Resilience and Sustainability, and other appropriate city offices; and be required to tie into any plans for a perimeter protection structure around the peninsula, as they may develop. In addition, any waivers or variances granted by City officials under applicable stormwater regulations should be minimal, and granted only for alternative measures with similar efficacy.

4. Architectural character

The PUD should have specific, enforceable requirements for the criteria below, which are consistent with the input from the Historic Charleston Foundation and the Preservation Society:

a) A mix of heights, with smaller residential buildings around a few large buildings. The large buildings should not be higher than 5 stories, should have facades of 2.5 to 3 stories, and should have significant setbacks from streets, proportional with their heights. No Manhattan-like urban canyons.

b) The building footprints, and block sizes, should be consistent with adjacent historic neighborhoods. Consistent with the input from the City, no building should have a footprint larger than 13,000 square feet.

c) The open space, parks, and civic space should adhere to the city zoning code requirement of at least 20% of the developable acreage (i.e., excluding any acreage over marsh or water).

d) Include architectural principles and design guidelines in the PUD documents and ensure that future development is subject to BAR and TRC approval.

5. Process:

The PUD approval process must be slowed down as necessary to enable, and to require, before final approval, Lowe and the SCPA: to respond to the financial questions above; and to provide clear, public explanations of how all of the proposed residences, hotels, and retail operations can be added to a city that is already struggling with insufficient capacity for parking enforcement, law enforcement, traffic, and schools.

Further, it would be appropriate to establish a channel by which the CNA, and the Peninsula Neighborhood Consortium, can provide direct input to the City authorities involved in approving the PUD, before those authorities make a decision on the PUD.

Additionally, the SCPA has made assertions about how it will use, and improve, the property at Union Pier which the SCPA will continue to own and operate. The City should not approve the PUD unless the SCPA makes firm, enforceable commitments to the City with specifics about how it will use (and will not use) the remaining cruise terminal, and how it will upgrade that terminal. If the PUD is approved without these contractual commitments from the SCPA, the SCPA could walk away from its related assertions with impunity.

We are at crossroads in momentous, irrevocable decisions that will have permanent effects on our beloved City. We must not get the decisions, about what Union Pier will look like, wrong. We also must not get the decisions, about how infrastructure at Union Pier will be financed, wrong. We have voiced our concerns in this letter in an effort to ensure that the process, and the substance, of the City's decisions about Union Pier will be a source of pride, forever.

A more considered and deliberate process and timetable would allow for development of:

a) a more detailed infrastructure plan;
b) a more complete environmental plan;
c) a properly detailed financial plan, including genuine efforts to seek other sources of funds; and

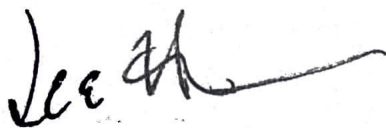
c) completion of the City's plan update so that we have the proper context for any required zoning approvals.

If the Union Pier plans are rushed through a City Council vote of approval, all or most of the City's leverage to negotiate changes, thereafter, will be lost.

If you have any questions or concerns about any of CNA's requests referenced above, just let me know, and I'll arrange for a meeting with appropriate board members and me.

Thank you for your time and consideration of our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lee Higdon', with a long horizontal flourish extending to the right.

Lee Higdon
President, Charlestowne Neighborhood Association
Tel: 860-867-6881
lhigdon@conncoll.edu

cc (via email):

Jordi Yarborough, SCPA
Jacob Lindsey, Lowe
Mike Seekings, District 8 Councilmember, City of Charleston
Jennifer Cook, Clerk of Council (for distribution to all Charleston City Council members)
Winslow Hastie, President & CEO, Historic Charleston Foundation
Brian R. Turner, President & CEO, Preservation Society of Charleston
Susan Kidd, Director, Southern Regional Office, The National Trust for Historic Preservation