



**COLUMBIA ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE
MEETING MINUTES
TUESDAY, MAY 25, 2021**

CALL TO ORDER

Attendee Name	Title	Status
Sam Davis, Chair	Councilman - District I	Present
Tameika Isaac Devine	Councilwoman - At Large	Present
Will Brennan	Councilman - District III	Present

COMMITTEE DISCUSSION

1. Review of Student Housing Incentives - Mr. Ryan Coleman, Economic Development Director

Ryan Coleman, Economic Development Director provided a historical overview of the student housing incentives and the projects that have been completed. The incentive was adopted in 2014. At the time, it was more aligned with the commercial development incentive. Student housing was not initially specified as the purpose. A lot of the initial interest in the program came from student housing developers. We amended the original resolution in 2014 to apply only to student housing projects, to include Bull Street and to allow for soft costs to apply towards the \$40,000,000 total. Then we amended it again to allow for the inclusion of comparable market rate apartment projects and included a sunset provision for December 31, 2015. In 2018, Reign Living approached the city and county with a project to be located on Shop Road. We reopened the program for several months and they accepted a reduced tax incentive at 33%. That was the end of the official student housing incentives. The commercial development incentive program began in 2019 and it is generally in line with prior program criteria. Student housing is not excluded from this; it is taxed at 6% just as a multifamily project would be.

Councilor Devine said if we decide to continue this, it needs to be clear that any due diligence or investments that are done, is at the developer's own risk.

Ryan Coleman, Economic Development Director said we provide two pages of guidelines and we can strengthen that language and place it in a more prominent location. I am clear with student housing developers that we are concerned about saturation, student housing is being scrutinized more, and if they are interested in bringing these projects, they need to focus on the other public benefits they are providing.

Councilor Davis asked Ryan to share the verbiage with the committee members before it is changed.



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Councilor Brennan inquired about the idea of the incentive having a layer of public benefit and public infrastructure. What form has that taken in the past?

Ryan Coleman, Economic Development Director said public benefit has been treated broadly. We look at it in the general sense of placing underutilized property into a higher and better use. Public benefit can include the creation of tax revenue, utility revenue, housing, or jobs. We also like to look at what is above and beyond expectation. Are they creating public parking or traffic and right-of-way improvements? Are they increasing safety? Are they remediating brownfields? What is the icing on the cake?

Councilor Brennan said it would be great to research and possibly include this information. The environmental cleanup that the developer at the Bombers Stadium is offering is icing on the cake. Come up with some of those line items to include in the language.

Ryan Coleman, Economic Development Director reported that since 2014, six student housing projects have received the tax credit incentive and five are operational. The sixth one is Clayco. The Lofts on Lincoln is the seventh project and it is categorized as a market rate housing project that rents by the unit, not by the bed.

Missy Gentry, P.E, Assistant City Manager noted that some of the projects have the zoning of a private dormitory meaning there are four bedrooms.

Krista Hampton, Planning and Development Services Director clarified that some of these projects are special exceptions. It depends on the location and density. The Edge on Assembly Street was the last project done by special exception.

Ryan Coleman, Economic Development Director reviewed the taxable investment numbers from Richland County. The five projects represent \$182 million in taxable accessed investment. The assessed value for Reign Living is about \$4.5 million and they are slated to open during the fall of 2021. After the tax credit is applied, the projects generate \$2.7 million in property tax revenues and the city receives 17% which is \$470,358. The projects generated \$32,861 in business license fees and the average annual water/sewer revenue was \$570,000. The county receives up to 20% depending on their millage. The existing projects consist of 1,030 units and 3,228 beds combined. The Edge has 206 units and 679 beds and with an \$80 million investment, the city could expect to see up to \$180,000 in tax revenue. The Lofts on Lincoln will have 278 units and with a \$72 million investment, the city could expect to see up to \$161,000 in tax revenue.



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Councilor Devine said I never doubted that this deal needed to be done in order to incentivize and create value on properties that our tax structure did not support. I think it has done its job. How much further do we go or have we primed the pump enough? When we sunset the student housing incentive, the intent was to use the same model to incentivize other commercial development projects. Are we not sharing the tool with commercial developers? Is it not attractive to other commercial developers? Are the commercial developers not coming through the pipeline? It seems like the tool is being used by student housing developers. Is that saturation and will there be a bubble that ultimately bursts? Will we have units that aren't being occupied? At what point do we pivot from having this be the product that continues to come through to getting the commercial development that we need?

Ryan Coleman, Economic Development Director said the analysis of that is more technical than I can answer to and it is a subjective question. I have been clear that the interest to do more student housing has diminished. We want to do more multifamily projects. I am not at the point where I can tell somebody no or to give them additional criteria. That's where I look to you all for guidance in shaping that [policy] going forward.

Councilor Davis said we will end up with more discussions with property owners and the residents in the area being considered for student housing. We are looking at a project that is benefiting the public good.

Councilor Brennan said these developers identify Columbia as a strong market for student housing because of the potential for high rent rates and the growing higher education population. I am concerned about the unintended consequences we are seeing, especially in district three. The rent rates are so high that now there is a tiered system for student housing with some going for \$1,000 per bed. The Rosewood neighborhood is a developer hot spot for student housing, single-family, duplexes, and new construction. There is a need to incentivize market rate housing, but we also need to layer in a percentage of workforce specific units within these market rate developments. How can we morph this incentive to have a percentage that is workforce friendly? The average median income is \$45,000 to \$50,000 for a household in the 29201 area. We have to figure out how to bundle this in a different form so that it is not student housing specific but to promote market rate housing with a workforce approach. Affordable housing and tax credits is a different development process because a lot of them use non-profits that are already off the tax rolls. This would be a specific market rate workforce housing initiative that I would like to move forward with this committee.



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Ryan Coleman, Economic Development Director added that we see an outsized interest in student housing because these projects receive favorable financing.

Councilor Davis said a well-rounded city has room, space, and amenities for everybody. You don't want to identify people by where they live. We are better off when people can afford to live in a quality development, where they want to live. We need to continue to talk about how we will maintain relationships with developers that want to come but at the same time consider if we are getting all of the products that we need as a city given our goals for growth and development and the quality of life we have committed to in the future. The bottom line is deciding how to keep the development coming while considering the impact it has. We are not eliminating student housing incentives but we don't want to give the appearance of overload.

Ryan Coleman, Economic Development Director said we have three options: continue as is; disallow student housing; or a middle ground approach that elevates the value that these projects bring. We have to determine the additional criteria.

Councilor Davis suggested that they pinpoint the fundamental issues with the incentive along with the impact on growth and future development.

Councilor Devine suggested that Ryan make a proposal to include amendments that raises the bar of the public-add and criteria for analyzing all projects. I don't want people to think that if they meet the criteria, their requests will be approved even if they don't do certain things to make sure it is a smart development for that area. This is not about students. For me it is about saturation of the market and the bubble bursting at some point leaving us with units that are not kept up.

Councilor Brennan said I would like to see us immediately trend away from the words "student housing" and gear towards a market rate housing with a quality of life expectation for any housing initiative incentive that we put together. Moving forward, we don't want to see rent by the bed or other tell-tale signs of student housing developments.

Ryan Coleman, Economic Development Director said we had student housing interest, but it was concentrated outside city limits. We wanted to pull those projects closer to the urban core and there's benefit from that. We need to strike a good balance with the policy going forward.

There was a consensus of committee members to ask staff to draft criteria, concepts, and recommendations for value adds that create a balanced incentive based on today's discussion.



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ADJOURNMENT

The meeting was closed at 12:33 p.m.

Respectfully submitted:

Erika D. Moore Hammond, CMC
City Clerk