



County of Dare

P.O. Box 1000 | Manteo, NC 27954

MINUTES

DARE COUNTY BOARD OF COMMISSIONERS MEETING

Dare County Administration Building, Manteo, NC

9:00 a.m., Tuesday, April 9, 2024

Commissioners present: Chairman Robert Woodard, Sr., Vice Chairman Wally Overman
Rob Ross, Steve House, Bea Basnight, Danny Couch, Ervin
Bateman

Commissioners absent: None

Others present: County Manager/Attorney, Robert Outten
Master Public Information Officer, Dorothy Hester
Clerk, Skyler Foley

A full and complete account of the entire Board of Commissioners meeting is archived on a video that is available for viewing on the Dare County website www.darenc.gov.

At 9:06 a.m. Chairman Woodard called to order the special scheduled meeting with appropriate prior public notice having been given. He invited Rev. Thomas Wilson to share a prayer, and then he led the Pledge of Allegiance to the flag.

ITEM 1 – OPENING REMARKS – CHAIRMAN’S UPDATE

Following is a brief outline of the items mentioned by Chairman Woodard:

- Chairman stated that Dare County has approximately 37,000 full-time residents and many various types of businesses that need employees.
- Expressed that the Board has done what they have felt was in the best interest of the citizens.
- Stated that the Board had accomplished a lot in the past decade. They provided \$250 million towards beach nourishment, built a new COA Campus in Manteo, created the Dare Guarantee Scholarship, will be constructing an Early College facility at the COA Campus in 2025, building a new Youth Center in Manteo, provided land for parking in Manteo, gave the old Courthouse to the Arts Council, constructed multiple new EMS Facilities throughout the county, constructed a 911 Center that services Dare, Tyrrell, and Hyde, built a new SPCA facility and dog park, renovated ball parks and soccer fields, increased employee salaries, funded Recovery Court and the Saving Lives Task Force, advocated for lower taxes, supported the Oregon Inlet Task Force, funded schools, lobbied for a new Alligator River Bridge, lobbied for a public-private partnership to build a dredge, and lobbied in D.C. to address environmental concerns in Buxton.

- He concluded by saying Board's accomplishments are directly tied to the goal of offering essential workforce housing by demonstrating the Board's ongoing commitment to enhancing the well-being of the community's residents and workers.

ITEM 2 – PUBLIC COMMENT

At 9:18 a.m. the Manager outlined the procedure for making public comments in Manteo and via the video link to the Fessenden Center Annex in Buxton. Following is a summary of all citizen remarks, which may be viewed in their entirety in a video on the County website:

1. Abbi Siler asked the Board to invest in Dare County's future generations and felt that the current circumstances are not the right scenarios and they are just slowing the county down from finding a real solution to the long-term housing issues.
2. Elizabeth Newman expressed her concern that the Board is not being good stewards of NC taxpayer money and discussed her involvement in day-to-day ownership and property management of Tax Credit Workforce Section 8. She stated she has never seen a pre-development contract like the one with Coastal Affordable Housing.
3. Cynthia Holda spoke on behalf of the Manns Harbor Civic Association and stated how they have had a lifetime of experience watching the housing issue become a larger problem for our workforce. She recommended multiple suggestions that could help this issue and expressed that she does not support the \$35 million grant.
4. Michelle Hall stated that she does not support the \$35 million that was allocated for affordable housing. She also expressed concern over the legislation that took away the municipalities zoning rights and the primary owner of Coastal Affordable Housing, Jordan Hennessey's involvement.
5. Jeanine Emery stated that in her opinion the "not in my backyard" statement is impeding the progress that the county needs to move forward. She expressed that it is the Boards job to do what is in the best interest of the community and not just the loudest people in the room.
6. Robert Zampardy feels that a multi-step approach is needed to begin addressing this issue. He suggested repurposing unused public buildings, using property that is not utilized to its best method, implementing mixed-use zoning, raising occupancy taxes to alleviate vacation rentals, and encouraged living aboard in marinas.
7. Susan Bothwell expressed that housing is essential for the workforce and without it the community will not survive.
8. Asher Daniels announced that he is a cook in a local restaurant and expressed that wants Dare County to be affordable for people who actually work in Dare County, most people he works with commute from Elizabeth City or Columbia. He is now looking to move to Raleigh due to the high cost of living.
9. Bob Muller suggested that the Board should take a new approach with the \$35 million and to go back to the legislature and ask them if they are sincerely interested in solving the workforce housing issue in Dare County. Additionally, he mentioned the

possibility of allocating some of the funds to organizations such as the hospital, YMCA, or the Dare Education Foundation.

Commissioner Ross left the room at 9:51 a.m., he returned at 9:54

10. Clifford Barron, a resident of Kitty Hawk Estates, reported on existing flooding issues in the area. He is worried that the proposed high density and paving projects in his neighborhood might exacerbate the flooding problems.
11. Aida Havel provided a timeline of Coastal Affordable Housing LLC. with Dare County and discussed the contract. She inquired about the whereabouts of the principals and contractors and the reason they have never attended a meeting. Additionally, she addressed the invoices that Dare County had received from CAH. Aida suggested that the Board consider using the \$35 million to purchase the 14-acre old abandoned water park in Rodanthe and transform it into essential housing.
12. Harbor McDaniel shared her deep affection for her community and the wildlife that inhabits it. She emphasized that she does not want Dare County to become overcrowded and full of massive skyscrapers. McDaniel also pointed out that decisions made by the Board have a direct impact on the residents, urging them to preserve their community.
13. Amy Phillips stated that when the COVID pandemic hit, many individuals sold their homes for inflated prices. This led to a lack of affordable housing in our community, and now we have an abundance of Airbnb properties taking up available housing options. She elaborated that the county needs to focus on the people and support and live in the county and not the people who visit it.
14. Jason Fleck urged the Board to refund the state funds. He emphasized the importance of preserving nature and ensuring that no harm comes to Jockey's Ridge or Nags Head Woods. Additionally, he pointed out the difficulty in obtaining appointments with eye doctors while highlighting the ongoing construction of Marshall's, Target, and WaWa facilities.
15. Olivia Pratt is advocated for the protection of natural resources, specifically in regards to the decision to strip Jockey's Ridge. She believes this decision is unacceptable and is urged for the \$35 million dollars to be returned. She emphasizes the need to shift the conversation towards platforms like Airbnb and VRBO, as well as addressing the issue of empty houses being turned into vacation rentals.
16. Eddie Goodrich stated we must consider the key aspects of who, what, when, and where. The only missing piece at the moment is where – he suggested reaching out to alter the legislation to allow property to be purchased in Dare County.
17. Karen Blose stated that she used to work in Construction and Development and is familiar with private-public partnerships, which aim to provide communities with what they need. Stated that typically, there is transparency in the bidding process, but the

source of funding in this case is unconventional. Expressed that the county should require achievements before reimbursements continue.

18. Alan Creech reiterated what other individuals stated and feels that the timeline and contract details with Coastal Affordable Housing are suspicious. He explained that he is a realtor and does not necessarily believe in the legislature telling people what they can do with their property. Noted that lot of people buy homes and use Airbnb to help afford to live in Dare County. He hopes that the housing situation is addressed in a more economic way and that it does not hurt the environment.
19. Brittany Slaughter agreed that housing is an issue in Dare County, but the county should cut ties with Coastal Affordable Housing and return the \$35 million to the state, or have it amended to serve the community better.
20. Josh Caffee believes there may be a conflict of interest in the \$35 million grant in regards to Coastal Affordable Housing and Jordan Hennessey, and wants the money to be returned.
21. Anne Deornellis expressed that there is a lack of transparency around the housing topic. She stated she was in the business of approving multi-million-dollar projects and her husband is in commercial construction, and they found the information they have heard to be surprising. She added that she has never experienced a construction company where money was paid out for invoices like the ones associated with Coastal Affordable Housing.
22. Griffin Glover expressed that it is time to progress and acknowledges that most of the county consists of water, with only one-third being land. He then noted that the land is mostly protected or already developed. Glover suggested deregulating zoning laws and implementing tax incentives to promote long-term rentals. Stated that it is also important to consider that the more we relocate resources to other counties, the more likely Raleigh will become involved.
23. Dock Sawyer believes that Hyde and Tyrrell Counties possess land that could address the housing needs in Dare County. He suggests that the county consider forming a partnership with them. Additionally, Sawyer discussed the potential benefits of constructing a four-lane highway from Columbia to Manteo to improve transportation infrastructure.
24. Katie Morgan strongly recommended that Dare County should either return the state funds or seek to amend the legislation to eliminate any restrictions on the money. She stressed the importance of severing connections with Coastal Affordable Housing and Jordan Hennessey. It was emphasized that Dare County leadership must prioritize honesty and transparency in their actions.
25. Breynn Bailey shared that she and her sons were recently evicted from their home of 8 years and were homeless for a year, they are now living in Tyrell County. Bailey emphasized that what people truly need are homes, a place to sleep, rather than getting caught up in conspiracy theories and drama. She pointed out that the issue of housing has been a longstanding problem on the Outer Banks, with discussions going

on for over 40 years. She urged for action to be taken to address the housing crisis rather than endless discussions.

The Board recessed at 10:50 a.m. and reconvened at 10:55 a.m.

26. Willo Ray explained that the community recognizes the necessity of affordable housing, but believes that the current proposal is not the most effective solution. The community does not want to compromise the natural beauty of the Outer Banks that we cherish. It was suggested that Airbnb rentals be restricted, although not all, as some residents rely on them to afford living in this area. She also recommended tiny homes, or the possibility of trailers being put on lots for people to live in.
27. John Robbins emphasized that the funds should not necessarily be returned to Raleigh. Instead, he highlighted the need to revise the legislation in order to expand the scope of workforce housing solutions. He elaborated on the importance of zoning throughout the county, stating that it should promote appropriate development.
28. Rev. Dr. Michelle Lewis recommended that more working groups that are made up of just everyday people who want to see some real solutions to the housing problem could be beneficial and stated that the housing issue needs to be addressed with creative solutions by creative people and everyone should have a seat at the table.

Dorothy Hester, Public Information Officer left the room. She returned at 11:03 a.m.

29. Ruth Stetson stated that she has been praying about this issue for over two years. She prays that every leader, as we are supposed to, will pray that the Lord speaks through our citizens. She encouraged giving money to the Education Foundation to help solve issues, such as teacher housing and if teachers do not occupy the housing, it can be utilized by other municipal and government employees. Ruth stressed the need to work within the law and lobby legislation to find the best solution for the housing issues. Ultimately, she urged the Board to be mindful of who they serve and to prioritize solving the current housing issue.
30. Malcolm Fearing expressed that the issue at hand dates back 20. The North Carolina General Assembly allocated funds to address the housing problem, and no other Board has shown the same level of dedication as the current one. Currently, there is 47 million dollars available to tackle the housing crisis, and various approaches have been proposed to make a difference. Rather than rejecting these ideas outright, perhaps we should consider alternative ways to utilize the allocated funds. Can the legislation be adjusted to better suit our requirements? One crucial aspect that seems to be overlooked is identifying the individuals who are in need of housing. It is likely that many of them are not present in this room, but rather scattered across county offices, schools, or out on the water. Their voices are not heard, yet their needs are pressing. He expressed that the real solution lies in establishing a pathway to homeownership. He was grateful that under Bob's leadership, a Housing Task Force was established to address these pressing issues. He stated that this issue is far too critical to be neglected or dismissed.

The following comments were made in Buxton – There were no comments made in Buxton

The following individuals shared Public Comments via email: Linda Sharp, Kevin Coyle, Shelly Blackstone, David Rhodes, Natalie Dutt, Susan Blackwell, and Carl Classen.

The County Manager closed Public Comments at 11:20 a.m.

ITEM 3- HOW DID WE GET HERE?

Mr. Outten explained that counties and local governments do not have the authority to construct houses. Therefore, developers must be brought in to build houses at below market rate. Despite previous efforts to address the housing issue by exploring various options there has been no success over the years. A few years ago, an economic study by NC State emphasized the urgent need to address the housing shortage, and it is affecting individuals across all income levels. In October 2019, the Board attended the NC Housing Conference in Raleigh and met with individuals that do this kind of work every day to try to begin moving forward. However, initial attempts to attract developers were unsuccessful due to the lack of attractive incentives. At the same NC Housing Conference, the Board learned about a group called DFI from UNC, specializing in affordable housing solutions statewide. Subsequently, an agreement was reached for DFI to become Dare County's consultants without charging fees upfront. Their compensation would come from developers if the project proves successful. During their research, a survey was conducted to determine the amount of housing needed. Following this, efforts were made to attract developers. Dare County allocated \$12 million for subsidies to support housing initiatives, and Woda Cooper was selected. Subsequently, the news arrived from Raleigh that \$35 million had been included in the budget. However, this funding came with certain stipulations, a Request for Qualifications (RFQ) was required, as well as the involvement of a private-public partnership. The selected applicant would receive a forgivable loan with certain requirements and reduced rental rates had to be offered. Also, the housing project had to be new construction and located in Dare County. In summary, the county received two responses from the RFQ, Woda Cooper and Coastal Affordable Housing. He explained that Coastal Affordable Housing was selected to complete the state-funded grant project based on their expertise in similar endeavors and referenced one of the entities MetCon. Additionally, Woda Cooper was chosen at that time for the \$12 million funded project because of their outstanding track record. (Bowsertown or the Nags Head project.) Ultimately, Woda Cooper did not achieve success due to the Town of Nags Head changing its zoning policies and the Town of Manteo Commissioners unanimously voting to deny the sewage hook up. As a result, they decided to redirect their efforts to other areas where they could generate profits.

Mr. Outten then made it clear that the county played no role in the drafting of the legislation involving the \$35 million. He explained that in the beginning stages of being awarded the money, discussions were held with the School of Government and individuals from the Office of Management and Budget in Raleigh to find a way to make the ARP Money work despite federal restrictions. Eventually, the legislature had to amend the appropriation of funds to classify it as state funds, which removed the federal constraints. This process was time-consuming, but the money was finally deposited into the county's account in the Spring of 2023. From that point, CAH stated that they were going to invest \$65 million, and with the states \$35 million, there was \$100 million for the housing project. CAH was then tasked with finding an area to develop.

He then elaborated on the pre-development agreement, mentioning that up to \$5 million was set aside as they were uncertain about the number of sites to be considered. Under this agreement, payments could be made for land evaluation, wetland analysis, surveying, access determination, engineering plans, and zoning updates, etc. Additionally, a market analysis and approval from a bank were necessary to ensure the feasibility of building units and renting them out to repay the loan. It was pointed out that lenders were not comfortable about investing in outlying areas where maintaining the required rental rate might be challenging. He explained that the tax ramifications are important due to the loan being structured as a grant to Dare County that did not have to be repaid down the road if the guidelines were met. If the loan was taxed as a grant, the developer would be responsible for paying taxes on it, if it was taxed as a forgivable loan then the tax ramifications are smaller. This posed a significant issue for us, as having to pay taxes on the 35 million dollars would have lessened the number of units that could have been constructed. We had to carefully navigate through these exercises, to find out how much money had to be spent to know what could be done and what housing needs could be met. He ended by stating that anything that needed to be completed on whichever potential site had to be done upfront in order to make sure it could be completed prior to investing the \$100 million.

Vice-Chairman Overman left at room at 11:36 a.m., he returned at 11:39 a.m.

Finally, Mr. Outten informed that the county has spent approximately \$389,000 so far. There is an outstanding invoice for \$274,000 that has not been paid or reviewed by staff. Additionally, there is \$600,000 in an escrow account earmarked for land acquisition when opportunities arise. All expenses incurred thus far have been related to predevelopment costs and under his knowledge no profits have gone to the developer. The focus over the past year has been on identifying potential sites and crafting a development plan, which is the second phase of the process. Once a site is secured, a development agreement will be entered into detailing the specifics of the project, such as the number of units and affordability requirements. It's imperative that the units remain affordable in perpetuity, and it will be outlined in the covenants or the ground lease depending on who owns the land. At the moment, the development agreement with CAH has not been finalized due to the absence of a confirmed site. Rent caps are mandatory, ensuring that the \$35 million allocated can only benefit individuals with incomes of 80% of the Area Median Income or lower, roughly \$40,000 a year. The developer is bound to provide a third of the rentals to individuals within this income bracket, with the remaining units offered at below-market rates. Compliance with these requirements is non-negotiable in order to receive the forgivable loan.

He announced that the Board has pivoted with CAH at this time from trying to do one large site, to look at the possibility of doing multiple smaller sites, by doing that you lessen the impact in any one area but you also increase the time and the money.

Chairman Woodard left the room at 11:43 a.m., he returned at 11:47 a.m.

In reference to the comments that had been made prior, Commissioner House inquired about the possibility of giving the \$35 million to the Dare Education Foundation. Mr. Outten responded that it would require legislation. Commissioner Ross inquired about the construction of a 4-lane highway from Colombia into Dare County. Mr. Outten responded that the county cannot build highways.

ITEM 4 – WHERE DO WE GO FROM HERE?

Commissioner Basnight emphasized that she is actively listening as both a taxpayer and citizen. She acknowledged the challenges of the housing situation, recognizing the need for housing while observing businesses closing and teachers facing waitlists. Having served on the School Board for 12 years, she has seen firsthand the struggles that many teachers face with housing. She highlighted the dedication of the Chairman and the Board in addressing this issue on a daily basis. She emphasized the importance of finding solutions and expressed commitment to doing what is best for the residents of Dare County. She expressed appreciation for those who have offered solutions and stressed the ongoing need to continue to address the housing issue.

Commissioner Ross expressed that he was enthusiastic in the Fall of 2019 when the Board started working on this issue. After meeting with the Development Finance Initiative group from UNC, they performed a study that showed the need for housing and they began working on plans to construct over 400 units with the possibility of partnering with Woda Cooper. In October 2020, they identified a property on Roanoke Island off of Bowsertown Road that was owned by the county and the county had zoning and ordinance authority over. After months of meetings and discussions with the Town of Manteo about various issues, including hookup fees and traffic studies, etc., it became clear that the project was not feasible because he was told directly by one of the Manteo Commissioners that it was simply not the Manteo way. He then discussed the issues that they faced with the project in the Town of Nags Head. He explained that in about three months prior to this special meeting, he met with the President of Woda Cooper in Ohio, and the President explained to him that they had put out multiple efforts to build affordable housing units to address the community's needs, they faced opposition and they ultimately decided to withdraw. He expressed disappointment that despite years of effort, no projects have come to fruition. He addressed multiple public comments and pointed out that according to the census data, the number of full-time residents has consistently been between 35,000 and 37,000. Additionally, the student population in the schools has remained fairly stable. He concluded by highlighting the importance of finding homes for the workforce, citing examples of educators and service providers struggling to afford housing in the area. He reassured the community that their intentions were not to disrupt or harm the communities, towns, or county but to address a pressing need for workforce housing.

Commissioner House stated he was eager to address the housing situation in Dare County. With 35 years of experience in Emergency Services, and while working in Dare County, he faced challenges in finding suitable housing himself. From living in a one-room space beneath a house to spending six months in a hotel due to lack of available housing, and then trying to raise a family in a run-down trailer because that was all they could afford. He understands the importance of having a home for essential workers like police officers and firefighters. The shortage of housing has made the ability to recruit and retain essential personnel such as police officers, IV technicians, nurses, physical therapists, and EMS providers difficult. He pointed out that there is a nationwide shortage of EMS workers, including in Dare County, but at least in other areas they have a place to live. He also elaborated on the fisherman of Dare County and that the regulations they are facing has cut their income drastically and on top of that there is nowhere for them to live.

Commissioner Couch expressed that the county should send the money back and see if the legislation can be rewritten, it is not currently working.

Commissioner Bateman stated that as an employer he supplies six rental units for employees, and have for a while with the most expensive one at \$1,100 a month. He expressed that they are valued employees and they provide a service to him and does not want to have to replace. He stated that his restaurant is now open seven days a week, which is not a common for a lot of restaurants on this beach. He announced that he has made a commitment to ensure that every employee earns a minimum of \$15 per hour starting from their first day of work. He believes it is important to be responsible with his finances and take care of his employees. He also mentioned the Task Force set up by the Chairman and expressed hope that they can address important issues. Regarding the unexpected \$35 million, he mentioned that he was surprised when he received a phone call from an individual in the Governor's Office informing him about the funds. Neither the Chairman nor the County Manager were aware of it either. Despite the unexpected nature of the news, the Board was enthusiastic about using the money to benefit the citizens of Dare County. He stated that their efforts were unsuccessful with the Town of Manteo and Town of Nags Head, and he went on to criticize House Bill 259 for portraying the Board in a negative light. He emphasized his own integrity, passion for his job, and love for Dare County, acknowledging that the Board is committed to making a positive impact on the community. In conclusion, he expressed that it is time to cut our loses and move forward in a positive way.

The Vice-Chairman reassured everyone that the Board had the best intentions when it started the process of providing housing for people in their county. As mentioned several times, this issue has been present for over 30 years. He emphasized the Chairman's opening statements, that the Board had been successful in proactively addressing various issues in the county. They have taken proactive steps in wanting to address housing concerns, as stated. The Board followed proper procedures and processes outlined by the School of Government to ensure they did things correctly and avoided any missteps. Two developers, Woda Cooper and Coastal Affordable Housing, were considered for projects. Woda Cooper attempted a project in Nags Head and in the Town of Manteo but faced public opposition, leading to denial by the Towns Commissioners. Similarly, Coastal faced public resistance for a project in Kill Devil Hills and their Board stepped away from it. He hoped that the County Manager's presentation clarified any misunderstandings about affordable housing, public-private partnerships, and the necessary procedures to address these issues. He highlighted that gaining public acceptance for essential housing is a challenging task in every area examined so far. He stressed that without action, this issue will persist for decades. He stated that this issue requires the public to shift away from the NIMBY (Not in My Backyard) attitudes to find solutions.

Chairman Woodard acknowledged the concerns surrounding CAH, particularly with Mr. Hennessey. He clarified that Mr. Hennessey is one of five principals, including Mr. Robbie Ferris, Mr. Green, Eric Lindstrom, and Evan Thomas, who are highly respected individuals. He emphasized that the County has not provided \$5 million to Mr. Hennessey. Chairman Woodard mentioned the challenges of NIMBYism in constructing housing and discussed the County's stance on HB 259. He declared that it is not the right time to address workforce

housing and announced that he will not proceed with CAH and will return the funds to the state. The Dare County Housing Task Force will remain active in hopes of finding solutions.

Commissioner Basnight stated that she agreed with Chairman Woodard that it may be best to terminate contract with Coastal Affordable Housing and potentially return the \$35 million allocated for the project back to the state.

Commissioner House stated that Dare County is unique as 88% of the county is owned by the state or federal governments, and the housing projects started out as a great idea in response to a tremendous problem and an outcry from our community within the past three years. He presented seventeen headline articles all in regards to the housing issues of the county.

MOTION

Commissioner House made a motion that the county halts this project and give the County Manager the authority to take the appropriate steps to unwind it.

Commissioner Basnight seconded.

Commissioner Ross clarified that the money would be returned to the General Assembly, Mr. Outten responded yes, he would go to the Office of Management and Budget and get instructions on what to do with the money and how to return it.

Commissioner Basnight inquired if the motion included canceling the contract with CAH and is there anyway the Board can negotiate the \$35 million with the state. Mr. Outten stated that if he is understanding the motion correctly, the Board is stopping their efforts on affordable housing and he is going to reach out to the OMB and find out what to do with the money. He clarified if the Board elects to try to get new legislation then there is nothing that stops them from doing that.

VOTE: AYES unanimous

At the conclusion of the meeting, Chairman Woodard asked for a motion to adjourn.

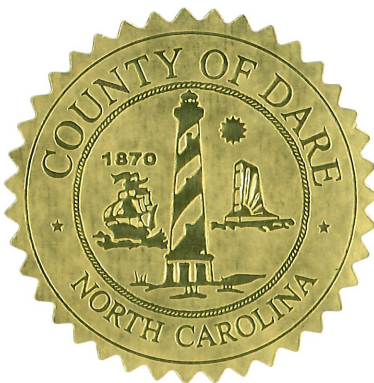
MOTION

Commissioner Ross motioned to adjourn the meeting.

Commissioner Couch seconded the motion.

VOTE: AYES unanimous

At 12:39 p.m., the Board of Commissioners adjourned until 9:00 a.m., May 7th, 2024



Respectfully submitted,

By: *Skyler Foley*
Skyler Foley, Clerk to the Board

APPROVED:

By:



Robert Woodard, Sr., Chairman
Dare County Board of Commissioners

Note: Copies of attachments (Att.), ordinances, resolutions, contracts, presentations, and supporting material considered by the Board of Commissioners at this meeting are on file in the office of the Clerk. Attempts have been made to accurately spell each podium speaker.