



# County of Dare

P.O. Box 1000 | Manteo, NC 27954

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## MINUTES

### DARE COUNTY BOARD OF COMMISSIONERS

#### SPECIAL MEETING

To conduct a workshop to discuss housing alternatives in order to address the essential housing needs of the community before the Board of Commissioners

Dare County Administration Building, Room #168, Manteo, NC

**1:00 p.m., June 1, 2021**

Commissioners present: Chairman Robert Woodard, Sr., Vice-Chairman Wally Overman  
Jim Tobin, Steve House, Danny Couch and Ervin Bateman

Commissioners absent: Rob Ross (attended via telephone conference connection)

Others present: County Manager/Attorney, Robert Outten  
Deputy County Manager/Finance Director, David Clawson  
Sarah P. Odio, UNC SOG, DFI, Senior Project Manager  
Clerk to the Board, Cheryl C. Anby

At 1:05 a.m. Chairman Woodard called to order the Special Meeting with appropriate prior public notice having been given. He noted Commissioner Ross was attending via conference phone connection.

Chairman Woodard provided a brief overview of the Board's work towards addressing housing issues. Potential sites thus far included Bowsertown and the Elizabethan Inn. A site in Manteo behind CVS, was purchased by a developer; however, the Town of Manteo did not approve the proposal. Other potential sites include Morrison Road, a parcel in Wanchese near the water tower and in Kitty Hawk. He stated it was time to have a plan and a consensus to move in one direction and have some "skin in the game" which will include spending some money.

In February, 2020, the Board agreed to partner with a consultant at UNC Development Financial Initiative (DFI). Chairman Woodard introduced Sara Odio, Senior Project Manager, from UNC School of Government. He added this special meeting was for the purpose of giving DFI specific direction with a primary goal and objective. She presented the Board with the objectives to engage private investment for the development of essential housing in Dare County. The scope of work included a housing needs assessment and identification of two suitable housing sites, also known as Phase I. An employer survey was also completed which indicated that the lack of housing has had a major impact on businesses to recruit and retain employees. Phase II was site specific predevelopment and the process of finding developers and supporting the county during negotiations. She stated our housing market was in line with a tourism-based community. There is an undersupply of smaller units.

When they did a site identification process, they looked at the financing tools to help maximize private investment and minimize public investment. The Low Income Housing Tax Credit Program, which is the largest subsidy program in NC, is being used to help map out which sites would be good and competitive to qualify for the program.

She explained with a Phase II process on potential sites there would have to be more detailed analysis. The goal during Phase II would be to really understand what was happening on the sites which could affect the cost of construction. The costs of construction in Dare County were high and the cost of lumber had skyrocketed throughout the state. The max rent for a tax credit deal would be \$700 for 1 bedroom and \$800 for 2 bedrooms to meet affordable standards for households who earn \$40k a year. She explained that even projects with the greatest private sector incentive would have a financing gap due to land values and construction costs. They estimate 125 units across two sites could have the 4% tax credit and one with 9% tax credit.

She told the group the county was trying to meet a varied housing need for teachers with moderate income along with other low-income housing. Part of what DFI provides would include public meetings to present options to the towns. She stated their goal would be to end the year with the start of the solicitation process for development partners. She asked for direction to proceed with "next steps" with a Phase II on Bowsertown Road. DFI would explore affordable housing along with mixed income scenarios and help determine how to best use the two sites to minimize public investment and maximize affordable units for various income brackets. Alternative funding sources could be used to support the county investment.

The County Manager added at the staff level it had been a struggle to make decisions with several potential projects. RFQ's could not be sent out because there were too many unknowns such as the amount of funding and details of any project. There had been long discussions on whether a developer was needed. Investment in a project could be maximized with more units and be able to hit moderate income need. UNC professors advised the county could not build units without an affordable component in it. Homes for teachers, fireman, etc. would be outside the income bracket which qualified for the 4% and 9% programs. The County could not get the credits because we do not pay taxes, therefore a developer would be required to qualify for the tax credits. DFI suggests mixed housing where it would be possible to have a portion of affordable units mixed with moderate income units. He advised once the Board made a decision on Bowsertown DFI would be able to work on providing a good balance of moderate and lower income units. If the County chose to move forward with the Elizabethan Inn then DFI could evaluate the property for tax credit eligibility and advise how to get the best mix to make both projects work.

There was also a privately owned parcel in Kitty Hawk. They were not trying to maximize the profit, but wanted to provide something lasting for the community. DFI could evaluate and see if it was eligible for tax credits.

Sarah Odio explained there were deadlines to follow for the program which closed at the end of October but would reopen in January. Commissioner Ross asked her to provide program

deadline details. She added the NC Housing Financing Agency runs the low-income tax credit program. For the 4% credit the application timeline is from May to Sept 30 and then reopens for 9% applications just once a year, which are due by January 26 for larger subsidy.

Chairman Woodard brought the group into discussion regarding the Saga/Taft Mills proposal on the Bowsertown parcel. He asked the Board whether they wanted to defer or move forward. Mr. Outten asked Ms. Odio if the county could chose to move forward with Bowsertown and Elizabethan Inn as one project. They would have to be treated as two separate developments. Chairman Woodard commented the county could make an offer on the Elizabethan Inn and move forward with it for workforce housing. He questioned whether a developer would be needed. Mr. Outten addressed although a developer was not needed for the purchase, in order for the county to purchase the parcel, it had to be identified to be used for a public purpose. Mr. Outten explained if a housing authority were established there would be a loss of the tax credit financing. Tax credit financing could be worth a third of the cost and the county would have to provide those lost funds.

The Board discussed the possibility of the Elizabethan Inn to be utilized for workforce housing. They had one bedroom rooms with flexibility in other units on site to be transformed into efficiencies or mixed use. There was also discussion to demolish and start a new housing site; however, Chairman Woodard did not feel that option would be palatable for the town. Commissioner Bateman asked if it were possible to do both Bowsertown and the Elizabethan Inn and Chairman Woodard confirmed it would be. The market indicated there was an immediate need for 1,200 units. Bowsertown could provide 72 units and the Elizabethan Inn could have approximately 148 units.

The Board mentioned other areas such as Morris Grove for leased land as a site. Mr. Outten said the parcel in Kitty Hawk could be included in the scope along with potential property in Colington nearby Liberty Church.

Several of those attending the meeting added comments. They shared it was important to invest in the community and a few offered additional potential sites for housing.

Commissioner Tobin suggested setting up a subcommittee as part of the best practices to develop affordable housing and provide some guidance. Mr. Outten offered to have that delegated to him and he would bring in Commissioners and staff to work with Sara and present a report. Sara added the full board of course would be needed for final decisions.

The conversation concluded with the Board reaching a consensus to have UNC DFI evaluate both Bowsertown and the Elizabethan Inn as housing sites.

Malcolm Fearing congratulated the Board on tackling the tough issue of housing. He stated this meeting was a great step forward. Kathryn Fagan stated the conversion of the Elizabethan Inn would require change but the infrastructure was already there with one and two bedrooms and small apartments. The amenities, such as the pool, could remain for community use. It is currently used by the Coast Guard, businesses and the high school.

Chairman Woodard thanked all of the participants in the conversation and at 2:35 p.m., the Board of Commissioners adjourned the Special Meeting.

Respectfully submitted,



By: Cheryl C. Anby  
Cheryl C. Anby, Clerk to the Board

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

Note: Copies of supporting material considered by the Board of Commissioners at this special meeting are on file in the office of the Clerk to Board. The sign-in sheet for meeting is on file with the office of the Clerk.