

TOWN OF HILTON HEAD ISLAND
REQUEST FOR PROPOSALS (RFP 2018-0010)
AFFORDABLE WORKFORCE HOUSING STRATEGIC PLAN

The Town of Hilton Head Island is soliciting sealed proposals from qualified consultants to prepare an Affordable Workforce Housing Strategic Plan.

The community has expressed a concern with access and the availability of a qualified workforce including difficulties in finding affordable housing. Workforce availability, with a focus on workforce housing and transportation, has been identified as a key priority of Town Council. The Public Planning Committee (PPC), a subcommittee of Town Council, has hosted a series of stakeholder input sessions to discuss specific needs and goals for affordable housing on Hilton Head Island and to develop a backdrop for moving forward on these issues. Through these meetings it has become evident that affordable workforce housing should be viewed as a critical element of the Town's infrastructure. A goal of "strengthening community through housing" has been identified by the PPC as the overall theme for the project. The Committee also worked with staff to review best practices of several communities that have proven, sustainable, successful, affordable housing initiatives. Town Council held a workshop with staff and the public to begin developing preliminary policy direction related to affordable housing and transportation. The result of that effort was a Policy Response Matrix which is attached to RFP for information and to provide insight on preliminary Town Council direction (see Attachment A).

The Town has been involved in previous affordable housing efforts starting in 1995, including a Family Housing Program and Moderate Income Housing Program. A history of past efforts is attached to the RFP (see Attachment B). Hilton Head Island has unique characteristics that will affect the affordable workforce housing strategy. These characteristics include Hilton Head Island's status as a resort and retirement community, seasonal population fluctuations, a high percentage of gated communities (approximately 70% of land area and resident population), land limitations, rapid growth on the mainland, competition for employees, second home market, surplus of condos and commercial space, etc.

A Housing Needs Assessment is being prepared by Bowen National Research, hired by Beaufort County, and is scheduled to be completed in Spring 2018. The Needs Assessment will include recommendations for each of the municipalities within the County including Hilton Head Island. Recommendations should be specific to Hilton Head Island but consider the regional context of any solutions, including projected growth in Beaufort and Jasper Counties. Solutions should address specific role of the Town as well as the County, Region, and State, where appropriate.

The Town's housing initiative should include preparation of an Affordable Workforce Housing Strategic Plan with goals, objectives, and policies for affordable workforce housing. The plan should include specific implementation steps with short- (1 year), medium- (3 year), and long-term (5 year) action items to prioritize the recommended response. At a minimum the following items should be included:

- Review and validation of conclusions of Bowen's report including identification of any gaps in the assessment or additional data needed;
- Segmentation of wage earners with customized options/solutions for Hilton Head Island;
- An understanding of housing market and trends to supplement Beaufort County's Housing Needs Assessment, including an understanding of the condo/second home demand and gentrification, and the effects on affordable housing;
- An outline of similar efforts underway at the local and regional level including how these efforts could be part of the solution;
- Detailed summary of best practices including pros & cons and suitability of programs to Hilton

Head Island;

- Detailed toolkit specific to Hilton Head Island for addressing affordable housing; toolkit should be prioritized (most successful to least successful) based on the consultant team's experience with each tool in other communities;
- Specific modifications required to the Town's Land Management Ordinance (LMO), other codes, or state legislation;
- Recommendations for oversight and management structure including identification of the appropriate organization to manage and implement the programs, and preferred qualifications of key personnel to be involved in/responsible for the management and/or implementation;
- A hierarchy of organizations beginning at the federal level to the local level including non-profit organizations and other potential partners. This should include both funding and programs applicable to each organization;
- Specific funding strategies and potential funding partners;
- Outline of affordable workforce housing strategies for Hilton Head Island including financial consequences (i.e. no cost, low cost, etc.);
- An identification of impediments that inhibit the Town's ability to accomplish the goals of the Affordable Workforce Housing Strategic Plan along with tools to address these impediments; and
- An outreach strategy for public engagement and public education.

The consultant team should include a team member with direct and relevant experience related to affordable housing opportunities within the state of South Carolina, including what funding mechanisms are allowed/available and what is allowed from a South Carolina law perspective.

It is anticipated that this effort will take 6-9 months beginning in the second quarter of 2018 and will include stakeholder meetings, public engagement and education, and reports to the Town Council's Public Planning Committee.

Please ensure you provide a minimum of five hard copies and one digital copy on CD. All responses must be received no later than 2:00 PM on April 17, 2018. Sealed proposals should be hand carried or delivered by traceable means to the following address:

Town of Hilton Head Island
One Town Center Court
Hilton Head Island SC 29928
Attention: Marcy Benson, Senior Grants Administrator
RFP 2018-0010 Affordable Workforce Housing Strategic Plan

SUBMISSION REQUIREMENTS

All proposals shall be hand delivered or mailed by traceable means in sealed envelopes, clearly marked on the outside as "RFP 2018-0010 Affordable Workforce Housing Strategic Plan" to Marcy Benson, Senior Grants Administrator. All proposals must be received not later than 2:00 PM on April 17, 2018. Responses received after this time or date shall not be considered.

The Town of Hilton Head Island, by way of this RFP, does not commit itself to award a contract or pay any costs incurred in the preparation of a proposal; or to procure or contract for any articles of goods or services. The Town further reserves the right to accept or reject any or all proposals received as a result of this request for proposals or to negotiate with all qualified offerors, or to cancel in part or in its entirety this solicitation if it is in the best interest of the Town to do so.

Proposals must be signed by an official of your company authorized to bind the offeror, and shall contain

a statement that the proposal price is good for a period of at least 90 days from the date of proposal opening.

For information concerning this request for qualifications, please contact Marcy Benson at (843) 341-4689 or marcyb@hiltonheadislandsc.gov. All questions must be submitted in writing via email no later than 4:00 PM on April 2, 2018. Should one be required, the Town will issue a final addendum for this RFP no later than April 4, 2018.

The Town of Hilton Head Island does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment for the provision of goods and services.

RESPONSE FORMAT

Responses are to be self-explanatory and designed in a manner to provide the Town with a straightforward presentation of the consultant's capabilities and qualifications. Elaborate brochures and other promotional type materials are not desirable. The consultant is encouraged to submit, for the Town's review, any additional information pertinent to the project. The format shall address and explain in detail, the response to each requirement of the RFP.

The Proposal shall be formatted as follows:

Section 1 General firm background

- Executive summary of the consultant team's history.

Section 2 Direct project experience on similar projects, including client references

- Provide a list of past or current relative projects for whom you provided similar services (preparation of an Affordable Workforce Housing Strategic Plan). Provide a minimum of five (5) similar projects completed successfully including location, detailed description of services provided, time frame, and budget. Include client references – name, valid phone number, and email address. Ensure listed references are aware of your response to this RFP and that they will provide a timely response when contacted by a representative from the Town's selection committee. Personnel assigned to this project should have been involved in all or a majority of the projects referenced as similar.
- Provide a detailed summary description of the Affordable Workforce Housing Strategic Plan prepared for each client. Firms are encouraged to include samples of work products/materials they feel best represent the quality and relevancy of their planning efforts on behalf of those clients.

Section 3 Project Team

- Provide a detailed resume of the person that is being proposed to be the Project Manager as well as the person in charge of the communications component and the person who has direct/relevant experience with affordable workforce housing, specifically in the state of South Carolina. List any supporting personnel, their qualifications, including resume, and experience, who may be required to support the preparation of the strategic plan.

Section 4 Proposed work plan and project schedule including a summary of current workload

- Provide a work plan and project schedule that addresses in detail the proposed process to achieve the project goals/tasks reflected in the Town's Scope of Services (see Attachment C).
- The proposed work plan should include an hourly breakdown for all tasks and sub-tasks reflecting both the level of effort in man hours and the hourly rate and title of the project team member/members assigned to perform each task. The total for this plan should reflect your total fee. Where the work plan reflects the need for onsite visits your

proposal should include a not to exceed project budget for travel, lodging, per diem and transportation per visit.

- The work plan should reflect a clear and detailed understanding of the project requirements and expectations, including identification of the unique opportunities and challenges of this project.

Section 5 Other pertinent information

- Present and anticipated workload of project team.
- Description of available back-up personnel and resources
- Litigation history of the firm for the past 5 years
- Any additional relevant information

Section 6 Fee proposal

EVALUATION FACTORS/ORAL INTERVIEWS

All qualified submittals shall be reviewed and evaluated by a Town selection committee. The highest qualified firms, using the selection criteria reflected below, will be required to provide an oral presentation of their qualifications to the selection committee. All responses will be evaluated using the following criteria:

- Quality of previously completed projects of similar scope (minimum of five projects of similar scope and size) and a demonstrated record of completing projects on time and on budget and meeting all defined project requirements/expectations;
- Proposed work plan that demonstrates a detailed and complete understanding of this project requirements and expectations, including identification of unique opportunities and challenges;
- Experience and qualifications of personnel assigned to this project (resumes/interviews/reference checks);
- Fee Proposal.

AWARD OF A CONTRACT

After all interviews have been completed, the selection committee will rank all respondents and forward their evaluation results to the Town Manager for his review. The Town Manager will authorize the selection committee to enter into negotiations with the most qualified respondent. Should efforts to negotiate a fair and reasonable fee fail, the selection committee will begin the process with the next most qualified respondent.

Award will be made to the most qualified respondent after evaluation of all responses, interviews, a thorough review of their qualifications, and completion of negotiations and acceptance of their fee schedule. The right is reserved to reject any and all responses received; and, in all cases, the Town will be the sole judge as to whether the response has, or has not, satisfactorily met the requirements of this RFP.

GOVERNING LAW

The firm must comply with the laws of the State of South Carolina and the ordinances of the Town of Hilton Head Island, South Carolina.

INSURANCE

The firm shall maintain, throughout the performance of its obligations, a policy of Worker's Compensation insurance with such limits as may be required by law. It shall also maintain a policy or

policies of general liability insurance insuring against liability for injury and death of persons, and damage and destruction of property. Such general liability insurance shall have limits as required by city, county, state and federal standards.

INDEMNIFICATION

The Town, its directors, agents, and employees shall be held harmless from liability from any claims, damages, and actions of any nature arising from the completion of the project, provided that such liability is not attributable to negligence of the part of the Town

ATTACHMENT A – POLICY RESPONSE MATRIX

Workforce Availability continues to be a key priority for Town Council. The two main subcomponents of workforce availability are housing and transportation.

Workforce Availability - Housing Component

Policy Questions

Policy Question	Staff Response	Public Planning Committee Response	Town Council Response
Should affordable workforce housing be tied to a certain percentage of household income and household net worth, i.e. AMI? If so, what are the percentages?	Staff recommends affordable workforce housing be tied to an income between 50-100% Area Median Income (AMI).	This appears to be the correct target for the near-term. It may need to be 30-80% AMI to cover all of the workforce.	It may be more appropriate to use 30% as a starting point to capture all of the workforce. There may be multiple targets. There is probably a difference between the County's AMI and the Town's actual AMI. Provide additional details about how the net worth component may be used.
Should this be limited to housing the workforce? Should this be directed towards: <ul style="list-style-type: none"> • Existing employees living on HHI? • Existing employees living off island? • New employees being attracted to work on HHI? 	Staff believes that this effort should be limited to housing for the workforce and tied to employment on the island by at least one member of the household. It is staff's opinion that to increase capacity of the workforce, new employees should be attracted to work on HHI while maintaining existing employees.	Housing should be directed to existing employees living on HHI and existing employees living off island. It is important that housing be tied to employment on the island.	Any affordable housing workforce program should be open to all types of employees. There is some concern with requiring that affordable units must be occupied by employees working on HHI. This could create problems with lenders.
Should there be any location restrictions (not allowed in gated communities) or should it be island-wide?	Many affordable solutions may be appropriate for all parts of the island, such as accessory dwelling units. Staff believes locating affordable workforce housing in areas with high commercial concentration would provide occupants direct access to many places of employment. However care should be taken to ensure additional demands on existing infrastructure can be accommodated.	There may be opportunities within gated communities. If it serves the purpose, don't restrict solutions. Housing should be spread out to reach many employers and reduce demand on existing infrastructure.	Options should be Island-wide but consider more incentives for those properties where old tired assets are being converted/redeveloped.
Should affordable projects be required to remain affordable for a set period of time or in perpetuity?	Staff recommends maximizing the time that projects are affordable.	PPC agreed with staff's response.	Projects needs to remain affordable for a long enough period of time that we retain affordable housing stock on the island but it

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			should not be in perpetuity. Ensure that the Town is not too restrictive in whatever time requirements are tied to units/properties. The Town will need to ensure that there is a way to monitor this. Depending on the Town’s level of participation in affordable workforce housing projects, the Town may have leverage to require a project to remain affordable for a set period of time. Provide additional details about how this would work, particularly for ‘For Sale’ properties.
Should the goal be home ownership or rental?	Staff believes the short term goal should be rental, however Habitat for Humanity has a successful home-ownership program that could be a model for long term project.	The emphasis should be rental both because of accessibility for employees and the higher density it offers. This also allows the Town or Housing Authority to deal with one owner instead of multiple owners.	Focus on both to allow maximum opportunities.
Should it be large scale projects or multiple smaller projects that can be integrated into neighborhoods?	Multiple smaller projects better meet the definition of Island Character and would distribute the workforce and infrastructure demands around the island versus a central location.	Do not rule out large scale projects if they are well designed. Anything that is built will need to be compatible with surrounding area. It will also be important for it to be in close proximity to large employers.	Projects should fit into the character of the community. Are there any large vacant properties left that would be appropriate for a large-scale affordable workforce housing effort? Do not rule out large scale projects. Smaller projects will be best to accommodate infill/redevelopment goals. Be creative.
Should the Town participate in a regional effort by contributing to funding of off-island affordable housing? If so, is there a way to require that those units be occupied for a certain period of time by people working on HHI?	Staff believes the Town should participate in regional efforts to increase the capacity of the island’s workforce as it is unlikely that the Town can accommodate all affordable workforce housing needs within the Town limits. Funding efforts by the Town should include a requirement that at least one	PPC agreed with staff’s response but not as a first priority. It’s a good principle but will be hard to implement.	This will be easier to answer after the Town understands the demand. It is likely that the demand will exceed the capacity of what the Town can provide. The provision of affordable workforce housing should be a cooperative regional effort. There is concern about funding off-island affordable housing

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	member of the household work on Hilton Head Island.		units. The most efficient affordable housing solution may be off-island. The Town has already set a precedent of participating regionally by the purchase of development rights off-island.
What role does transportation play in the success of both Town and regional projects?	Transportation is a critical element in the success of both Town and regional efforts. It would be used for transporting employees around the island and for getting workers to the island. Palmetto Breeze is currently preparing for on-island shuttle service for 2018 between existing activity centers. This service can be expanded in the future to include additional routes, both on-island and from the island to the mainland.	PPC agreed with staff's response.	Transportation is equally as important as housing; it plays a major role. The Town will need to look beyond the existing transportation system.
Should it focus on programs that create successful opportunities in the private sector or should the Town be an active participant in project development (solely or in public-private partnership)?	Staff recommends the Town focus on programs by creating an environment for projects to be developed by the private sector rather than being a developer or competing with the private sector. This may include regulatory incentives such as increased density, financial support, utilization of Town-owned property, etc.	Private sector should have first shot at developing affordable workforce housing. The Town has lot of tools to use to enable the private sector to develop affordable workforce housing. The Town has to be an active participant in the process (management, quality control, providing layered financing, etc.) but the Town is not the sole provider in developing housing.	The focus should be on public/private partnerships with the private sector providing funding and the Town assisting with regulatory changes. The Town should play a strong advocacy, education and promotion role. Depending on where efforts fall on the AMI scale, the role of government changes.
Should a Housing Authority, Redevelopment Authority or similar entity implement and manage this effort?	Staff believes some entity other than the Town should implement and manage this effort. A Town Housing Authority would be a duplication of the efforts of the existing	Town should not be developer or managing component. The Town needs more information on these options.	Provide additional information about how the Beaufort County Housing Authority functions and why it would make a Town Housing Authority unnecessary. The Town should not

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	<p>Beaufort County Housing Authority which has the same jurisdiction, program, and incentives that a Town Housing Authority would have. A Redevelopment Authority would have the ability to target areas for redevelopment with flexibility in programs but may not be the best option for affordable workforce housing since it is focused only on redevelopment.</p>		<p>own any affordable housing but should manage the programs that establish affordable workforce housing. The Town should consider a program such as a Community Based Development Organization (CBDO) that would allow the Town to qualify for HUD funding. The consultant should advise whether or not a Redevelopment Authority would be appropriate given the Town’s desire to accommodate the effort by redevelopment of vacant/under-utilized properties.</p>
<p>Are any of the following housing types off of the table:</p> <ul style="list-style-type: none"> • apartments • houses • dormitories • accessory dwelling units • garage apartments • mobile homes • tiny homes • townhouses 	<p>All housing types should be considered however staff believes mobile homes should not be considered a long-term affordable workforce housing solution</p>	<p>Everything should be on the table. The Town should dis-incentivize development of mobile home density and incentivize the other options.</p>	<p>All housing types should be available to provide the most flexibility. The Town will need to decide if we are trying to create temporary or permanent solutions. Temporary solutions such as the housing of J1 and H2B workers may need to be handled by the private sector. Not all workforce housing units should be the same.</p>
<p>How should the Town prioritize areas for redevelopment?</p> <ol style="list-style-type: none"> 1. redevelopment 2. adaptive re-use 3. vacant land 	<p>1-redevelopment, 2-adaptive re-use, 3-vacant land. Both redevelopment and adaptive re-use could address both the affordable housing issue as well as the vacant/under-used building issue and is more likely to be located in existing activity nodes/on main travel routes. Redevelopment has the highest potential for longer term impacts. Adaptive re-use may have complications due to the change in use and building codes. Vacant</p>	<p>Any of these options might be good depending on the area where the development is proposed. The Town will have to create bigger incentives in areas of redevelopment and re-use because would expect developers to prefer to use vacant land.</p>	<p>The staff ranking is appropriate. Determining how to re-use older properties and preserve land will be what will distinguish the Town in the future. The layering of funding sources will be important for accomplishing all three options and will influence implementation. The opportunity to use vacant land for a creative development should be an option.</p>

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	land should be a lower priority based on desire for open space, cost of development, other potential uses, etc.		
Should the Town develop a program to maintain existing affordable housing units?	Staff believes that maintenance of existing affordable housing units is a social equity issue rather than a workforce availability issue. Once the workforce housing program is established, consider a separate program for community housing initiatives such as maintenance of existing affordable housing units.	The Town wants to consider a home maintenance program similar to Bluffton’s program but with our own regulations. Consider partnering with Deep Well.	The Town should look to the giving community (charitable, volunteer organizations/groups) to provide this service.
What does success look like after 1 year?	After one year, staff believes success will be determined by the completion of the housing needs assessment, the hiring of a local consultant, development of an affordable workforce housing program, and ground broken on an affordable workforce housing development. Does this vision match Council’s vision of what success looks like after one year?	The Town needs to develop a funding strategy and consider how to deal with long-term sustainability.	TBD

Additional miscellaneous comments from Town Council and the public:

- Take a reactive role: garage apartments, accessory units; tie it to employment; not just resort rental; the hurdles would be zoning, density and covenants.
- Affordable workforce housing would be a good way to use underutilized or vacant buildings.
- It will be important to recertify income every year for the purpose of ensuring that the people are still working; the purpose would not be to force people to move just because they are making a greater income.

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Workforce Availability - Housing Component

Policy Questions

- Repurpose vacant property; consider mixed use developments.
- Look at examples of affordable housing in Columbus, GA (redevelopment) and Destin, FL (Bayshore).
- Allowing the private sector to develop a project makes economic sense, because these projects need to be expedited.
- Ensure that the face of community is not changed; this can be done using creative thinking (i.e. build housing on top of buildings; convert existing vacant buildings into housing, look for other opportunities than just developing bare land). The cost of land and infrastructure have been the biggest hurdles for developers to overcome in Bluffton.
- This will depend on how we sustain a program of affordability. Previous programs were limited in scope. Bluffton currently uses LCOG for income qualification; they also put a 25 year covenant on all affordable housing properties. There may be an opportunity for a joint Bluffton/HHI housing authority.
- There is an aesthetic issue and long term maintenance issue with mobile homes but they also provide income. Mobile homes should be left on the table because they are transitional housing.
- Transition open space bond into a bond specifically to purchase land for affordable workforce housing projects. Consider some sort of land banking program.
- Bluffton implemented a home maintenance program to keep people from moving out of substandard homes into other housing. They commit a certain amount of money to this fund every year. The program is income qualified – it is not tied to employment. It is only for owner-occupied homes.
- The Town should look at more than just income when considering how to qualify people for affordable workforce housing.
- Consider having some sort of threshold requirement – employees have to live/work on HHI for a certain period of time before qualifying for an affordable housing unit.
- If federal funding is involved, there may be some limitations on having a clause that dictates where you live or work.
- Include livable wage in the information that is provided to the consultant and know how it compares to what is paid elsewhere in the County.
- Ensure that any tools considered by the Town won't be in violation of federal fair housing policies.
- Only long-term rental projects should be considered at the beginning of the program.
- Put affordable workforce housing in areas of HHI where businesses (workplaces and retail), schools and recreational areas are located.
- Parking, setbacks and open space can be problematic for developers.
- Transportation is a key influencer for workforce housing because of land value.
- The Town needs a better on-island transportation system – this will help workers to have more money to spend on housing.
- Talk to owners of vacant buildings and ask what incentives are necessary for them to redevelop the property into part retail/part residential.
- The Town should work with native islanders to help them figure out how to develop businesses on their property that don't require them to sell their land.
- Look for opportunities to replace mobile homes with more permanent structures.

ATTACHMENT B
SUMMARY OF PAST EFFORTS

Previous Affordable Housing Actions

- Nov. 1995: Town Council created Affordable Housing Task Force to study housing problem and make recommendations which would enable construction of additional affordable housing.
- Nov. 1996: Affordable Housing Task Force presented report to Town Council. The report included six recommendations:
1. Staff to adopt proactive posture towards creation of affordable housing as opposed to reactive posture.
 2. Establish housing agency which will have accountability & responsibility for implementing task force recommendations.
 3. Stronger incentives offered to private developers which included: fees & studies, zoning, density, mixed uses, encourage lease to buy, financial incentives, land banking, and affordable housing development.
 4. Additional attention to detailed planning for Ward 1 housing efforts.
 5. Public relations & education regarding housing to be established and maintained.
 6. Other approaches aiding development of affordable housing.
- May 1997: Town Council established a Housing Commission. Charge of commission was:
1. Make recommendations to Town Council for establishment of long & short term goals for development of housing for low & moderate income citizens.
 2. Develop plans that provide housing for low & moderate income residents.
 3. Identify & recommend any measures that contribute to lower housing costs.
 4. Explore option of hiring architect or using existing design plan, completing approval process & offering approved plan for sale to recoup costs.
 5. Explore option of requiring new subdivisions to include housing that meets needs of low & moderate income citizens.
 6. Conduct public education campaigns on merits of providing affordable housing for low & moderate income residents.
 7. Make periodic recommendations for updating housing goals

- Nov. 1998: Housing Commission makes recommendations to Town Council
- Mar. 1999: Based on Housing Commission recommendation Town Council establishes Affordable Housing Program for owner and rental housing which started LMO revision process to allow bonus density.
- Jun. 1999: Town awarded HOME grant funds to assist qualified home buyers with down payment assistance. Ten buyers were assisted via this program.
- Jun. 2002: HOME funds de-obligated and HOME grant discontinued due to lack of participation and 3 year deadline to close on 60 homes could not be met.
- Sept. 2006: Town Council approved amendment changing Family Housing Program (FHP) to Moderate Income Housing Program (MIHP).
- Dec. 2007: Moderate Income Housing Program repealed.
- 2010: Town donated land to Habitat for Humanity for construction of homes.

Background on FHP/MIHP

Family Housing Program (FHP): In order to encourage development of moderate income housing on Hilton Head Island bonus densities were available through the FHP. Units in program required deed restrictions and covenants, mortgage or rent payments were capped and unit occupants had to meet residency and income requirements.

Family Housing Overlay District (FHOD): Part of the FHP allowing an additional density increase.

Moderate Income Housing Program (MIHP): To encourage development of moderate income housing units, residential bonus densities were available through the MIHP. Units in the program required deed restrictions and covenants and sale and re-sale requirements, unit occupants had to meet occupancy and eligibility requirements.

Moderate Income Housing Floating Zone District (MIHD): Part of the MIHP allowing additional density increase, which required a zoning map amendment.

In the late 1990's Town Council adopted the FHP in an effort to address affordable housing on Hilton Head Island. After the FHP was adopted three projects received planning approval using the program. One project was completed (Summerfield) and 19 FHP units were purchased by qualified buyers. Difficulties with the FHP were brought to Town staff's attention and in 2006 the MIHP was adopted and replaced the FHP.

In 2007 issues with the MHIP raised by the development community, lending institutions, and buyers in the program included: length of affordability term limits were too long (30 years), deed restrictions prevented owners to build equity, escalating maintenance cost and property owners fees, inability for

qualified buyers to secure lender willing to accept deed restrictions, and the ability to resell exiting program units. This resulted in the 2007 repeal of the MHIP.

HOME Loan Program

Currently the HOME grant funding balance is \$53,800. Funds can be used for HOME eligible projects. There are no current Town projects or programs meeting eligibility requirements for use of HOME funds. The funds must be maintained until such a time as there is a project or program that meets the eligibility requirements. Eligible activities using HOME funds include: to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. HOME funds can also be used to provide tenant-based rental assistance contracts of up to 2 years if such activity is consistent with the Consolidated Plan and justified under local market conditions.

Habitat for Humanity

Requirements:

- Applicants must be legal U.S. residents who have lived or worked in Beaufort or Jasper County for a minimum of 6 months prior to application.
- Applicants must currently live in substandard housing, which can mean it is overcrowded, in poor repair, in an unsafe neighborhood or overpriced.
- Applicants must have a low income, but still be able to afford a Habitat interest-free mortgage payment. For Beaufort County resident's income must be 30% - 60% of area median income and have ability to pay closing cost of 2% of sales price.
- All homeowners are required to contribute "sweat equity" hours by volunteering time on their own home, other Habitat homes and at the ReStore and attending educational workshops. A single-adult family must complete 300 hours or sweat equity and a two-adult family must complete 400 hours.

An owner of a Habitat home must live in the home for at least 3 years before it can be sold. If an owner chooses to leave before the end of 3 years the home is given back to Habitat and sold to another family on the waiting list. (this has happened only once with Hilton Head Regional Habitat). Habitat has a second mortgage on the homes and if an owner wanted to sell the property after the first 3 years of ownership they could sell on the open market and would have to pay back the balance of the first and second mortgages. To date, this has not occurred with Hilton Head Regional Habitat. Although there was one family who lived in their Habitat home for approximately 5 years and was able to buy a larger home and so gave their Habitat home back to Hilton Head Regional Habitat to resell to another Habitat family. If the owner stays in the property and continues to pay the first mortgage after a period of time the second mortgage goes away. The amount of the second mortgage is the difference between the appraised value of the home and the amount the owner paid for the home.

If a Habitat applicant is approved to purchase a “recycled” Habitat house, the same rules apply as when buying a newly built Habitat house. Typically there are minor repairs needed for the “recycled” home and the homeowner will work with Habitat volunteers doing necessary repairs and those hours count toward sweat equity. Everyone who purchases a Habitat house must do at least 40 hours of sweat equity on their own home. Other than the 40 hours required on their own home, sweat equity hours can be done on one of Habitat’s construction sites, their ReStore or at Habitat functions.

Town Owned Property

Acres of Town owned property purchased via the land acquisition program is 1,385.46 acres on Hilton Head Island and 557.38 acres off Hilton Head Island (Ulmer/Bluffton). Of this number 156.2 acres (34 parcels) on Hilton Head Island are vacant based on land-use data.

Acres of Town owned property purchased via non-land acquisition program funds is 119 acres on Hilton Head Island. Of this number 24 acres (10 parcels) are vacant based on land-use data.

ATTACHMENT C SCOPE OF SERVICES

The Town of Hilton Head Island is soliciting sealed proposals from qualified consultants to prepare an Affordable Workforce Housing Strategic Plan.

The community has expressed a concern with access and the availability of a qualified workforce including difficulties in finding affordable housing. Workforce availability, with a focus on workforce housing and transportation, has been identified as a key priority of Town Council. The Public Planning Committee (PPC), a subcommittee of Town Council, has hosted a series of stakeholder input sessions to discuss specific needs and goals for affordable housing on Hilton Head Island and to develop a backdrop for moving forward on these issues. Through these meetings it has become evident that affordable workforce housing should be viewed as a critical element of the Town's infrastructure. A goal of "strengthening community through housing" has been identified by the PPC as the overall theme for the project. The Committee also worked with staff to review best practices of several communities that have proven, sustainable, successful, affordable housing initiatives. Town Council held a workshop with staff and the public to begin developing preliminary policy direction related to affordable housing and transportation. The result of that effort was a Policy Response Matrix which is attached to RFP for information and to provide insight on preliminary Town Council direction (see Attachment A).

The Town has been involved in previous affordable housing efforts starting in 1995, including a Family Housing Program and Moderate Income Housing Program. A history of past efforts is attached to the RFP (see Attachment B). Hilton Head Island has unique characteristics that will affect the affordable workforce housing strategy. These characteristics include Hilton Head Island's status as a resort and retirement community, seasonal population fluctuations, a high percentage of gated communities (approximately 70% of land area and resident population), land limitations, rapid growth on the mainland, competition for employees, second home market, surplus of condos and commercial space, etc.

A Housing Needs Assessment is being prepared by Bowen National Research, hired by Beaufort County, and is scheduled to be completed in Spring 2018. The Needs Assessment will include recommendations for each of the municipalities within the County including Hilton Head Island. Recommendations should be specific to Hilton Head Island but consider the regional context of any solutions, including projected growth in Beaufort and Jasper Counties. Solutions should address specific role of the Town as well as the County, Region, and State, where appropriate.

The Town's housing initiative should include preparation of an Affordable Workforce Housing Strategic Plan with goals, objectives, and policies for affordable workforce housing. The plan should include specific implementation steps with short- (1 year), medium- (3 year), and long-term (5 year) action items to prioritize the Town's involvement. At a minimum the following items should be included:

- Review and validation of conclusions of Bowen's report including identification of any gaps in the assessment or additional data needed;
- Segmentation of wage earners with customized options/solutions for Hilton Head Island;
- An understanding of housing market and trends to supplement Beaufort County's Housing Needs Assessment, including an understanding of the condo/second home demand and gentrification, and the effects on affordable housing;
- Expected absorption rate by affordable housing segment;
- An outline of similar efforts underway at the local and regional level including how these efforts could be part of the solution;
- Detailed summary of best practices including pros & cons and suitability of programs to Hilton

Head Island;

- Detailed toolkit specific to Hilton Head Island for addressing affordable housing, including an assessment of success/failure of each tool;
- Specific modifications required to the Town's Land Management Ordinance (LMO), other codes, or state legislation;
- Recommendations for oversight and management structure including identification of the appropriate organization to manage and implement the programs, and preferred qualifications of key personnel to be involved in/responsible for the management and/or implementation;
- A hierarchy of organizations beginning at the federal level to the local level including non-profit organizations and other potential partners. This should include both funding and programs applicable to each organization;
- Specific funding strategies and potential funding partners;
- Outline of affordable workforce housing strategies for Hilton Head Island including financial consequences (i.e. no cost, low cost, etc.);
- An identification of impediments that inhibit the Town's ability to accomplish the goals of the Affordable Workforce Housing Strategic Plan along with tools to address these impediments; and
- An outreach strategy for public engagement and public education.

The consultant team will be responsible for drafting any LMO amendments necessary and working with staff to take the amendments through the approval process.

The consultant team should include a team member with direct and relevant experience related to affordable housing opportunities within the state of South Carolina, including what funding mechanisms are allowed/available and what is allowed from a South Carolina law perspective.

It is anticipated that this effort will take 4-6 months beginning in the first quarter of 2018 and will include stakeholder meetings, public engagement and education, and reports to the Town Council's Public Planning Committee.