



The Town of Hilton Head Island
LMO Committee Special Meeting
Thursday, February 6, 2020 – 10:00 a.m.
Benjamin M. Racusin Council Chambers
AGENDA

As a courtesy to others please turn off / silence ALL mobile devices during the meeting. Thank you.

- 1. Call to Order**
- 2. FOIA Compliance** – Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.
- 3. Approval of Agenda**
- 4. Appearance by Citizens on Items Unrelated to Today’s Agenda**
- 5. Unfinished Business**
- 6. New Business**
 - a. Review of proposed Workforce Housing LMO Amendments
- 7. Adjournment**

Please note that a quorum of Town Council may result if four (4) or more of their members attend this meeting.



TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: LMO Committee
VIA: Shawn Colin, *AICP, Director of Community Development*
VIA: Jennifer Ray, *ASLA, Deputy Director of Community Development*
FROM: Jayme Lopko, *AICP, Senior Planner*
CC: Teri Lewis, *AICP, Deputy Director of Community Development*
DATE: January 30, 2020
SUBJECT: Workforce Housing LMO Amendments

Workforce availability, with a focus on workforce housing and transportation, was identified as a key priority of Town Council. The Public Planning Committee (PPC), a subcommittee of Town Council, hosted a series of stakeholder input sessions to discuss specific needs and goals for affordable workforce housing on Hilton Head Island and to develop a backdrop for moving forward on these issues. Through these meetings it became evident that affordable workforce housing should be viewed as a critical element of the Town's infrastructure. Town Council held a workshop with staff and the public to begin developing preliminary policy direction related to affordable housing and transportation and to inform a scope of work used to hire a consultant to focus on options for Hilton Head Island.

In August of 2018, the Town hired consultant Lisa Sturtevant & Associates, LLC (LSA) to prepare a Workforce Housing Strategic Plan with goals, objectives, and policies for workforce housing. The final Workforce Housing Strategic Plan from LSA contained eight key recommendations for the Town of Hilton Head Island to consider. Staff, working with LSA, the community, and Town Council, utilized the recommendations from the Workforce Housing Strategic Plan, gathered further information, and evaluated and responded to each recommendation.

At their November 5, 2019 meeting, Town Council accepted the Workforce Housing Strategic Plan and approved a policy framework for a workforce housing program focused on the following four key elements:

- Develop incentives and programs which promote Commercial Conversion.
- Develop a "Sliding Scale" Density Bonus program linking the amount of workforce units to the amount of the bonus.
- Develop criteria and conditions under which unrestricted Town-owned real estate may be used to facilitate the development of workforce housing.
- Evaluate the development of, and participation in, a regional housing trust in coordination with the Southern Lowcountry Regional Board (SOLOCO).

Town Council requested that staff continue to work with the Public Planning Committee (PPC) to develop a workforce housing policy to address the four key elements including the development of criteria and conditions of where to target the program. At the December 11, 2019 PPC meeting, staff worked with the Committee to develop criteria to identify areas of the island to target for workforce housing initiatives. The following were identified as priority areas for workforce housing: Palmetto Bay/Arrow Road/Pope Avenue area, Squire Pope/Gum Tree Road area, and Opportunity Zone/Main Street area.

A Workforce Housing Policy, which is detailed in Attachment A, was developed that included: incentives and programs which promote Commercial Conversion, a “Sliding Scale” Density Bonus program linking the amount of workforce units to the amount of the bonus, and criteria and conditions where incentives and programs will be applied.

The proposed LMO Amendments that would implement this policy are detailed in Attachment B.

Attachment

- A. Workforce Housing Policy
- B. Workforce Housing LMO Amendments

Workforce Housing Policy

Workforce Housing Overlay (WFH-O) District

The LMO will be amended to create an overlay district to reflect the priority areas.

To participate in the Workforce Housing Program (WFH Program), parcels must be included in the WFH-O District and comply with the conditions of the new LMO regulations, including being located in a base zoning district where Workforce Housing or Mixed-Use is permitted.

Workforce Housing Program

To create the Workforce Housing Program, amendments will be made to the LMO to detail the specifics of the program. Noncompliance with any of the requirements of this Section will be considered a violation of the LMO and will be subject to code enforcement Action by the Town.

Workforce housing will be created as a new use in the LMO and will be permitted with conditions in certain base zoning districts (RM-4, RM-8, RM-12, CR, SPC, CC, MS, WMU, S, MF, MV, NC, LC, RD, and MED). Mixed-use is an existing use in the LMO that will be expanded to be permitted with conditions in more areas (CR, SPC, CC, MS, WMU, S, MF, MV, NC, LC, RD, and MED). Both uses will be permitted with conditions to ensure compliance with the regulations of the Workforce Housing Program.

Workforce Housing and Mixed-Use, associated with a workforce housing development, will be permitted with conditions in the PD-1 District; however, will be restricted to locations where a Town-approved Master Plan or associated text states the use is permitted. For these uses to be permitted in any PD-1 District, a Zoning Map Amendment (ZMA) will be required to amend the Master Plan to permit the use and assign density.

Existing legally platted and developed single family subdivisions will not be eligible to participate in the Workforce Housing Program.

Density Bonus

The WFH-O offers a density bonus up to 100% above the base residential density. For every two bonus units permitted, at least one must be a workforce housing unit. If only one bonus unit is proposed, it must be a workforce housing unit. The maximum density permitted in any workforce housing development is 24 units per acre.

Density for commercial conversion will be based on minimum unit sizes and the existing building envelope. Commercial conversion incentives for developments that include at least 10% workforce housing units will be a reduction in minimum unit size by 20% and the ability to use micro-efficiency and studio units in the development. The net result will permit an increase in the number of units within the same building envelope.

Minimum Unit Sizes

Unit Type	Market-Rate Conversion Minimum Unit Size	Workforce Housing Conversion Minimum Unit Size
Micro Efficiency	NA	280 square feet
Studio	NA	400 square feet
1-bedroom	750 square feet	600 square feet
2-bedroom	1,000 square feet	800 square feet
3-bedroom	1,250 square feet	1,000 square feet

Workforce Housing Agreement

Developers will be required to enter into a Workforce Housing Agreement with the Town that will be recorded with Beaufort County and tied to the parcel(s) of land where workforce housing is proposed. This agreement will contain information about the development including: the number of workforce housing units, square footage of the units, the number of bedrooms in the units, the location of the units in the development, terms and conditions of affordability, and a provision requiring owners of rental units to annually submit a sworn affidavit certifying their rental rates.

Affordability Period

Rental workforce housing units will be required to remain in the program for a minimum of 99 years from the date of initial certificate of occupancy. Owner-occupied workforce housing units will be required to remain in the program for a minimum of 30 years from the date of initial certificate of occupancy.

Standards for Workforce Housing Units

Workforce housing units will be similar to market-rate units in type of ownership, location throughout the development, range of number of bedrooms, and exterior appearance.

Restrictive Covenants

Workforce housing units will be required to record restrictive covenants that will stay with the parcel(s) as long as it remains in the program. The covenants will include the minimum program affordability periods of 30 and 99 years from the initial certificate of occupancy, provisions that the household must meet current income and employment eligibility regulations outlined in the WFH Program, and a restriction that prohibits the use of the unit for short-term rental.

Income and Employment Regulations

To apply for participation in the WFH Program, households will be required to obtain a Certificate of Eligibility for compliance with the eligibility regulations of the WFH Program. An

eligible household will be required to meet income requirements and must have at least one person who is employed full time on the Island. Employment, as well as income, will be submitted annually to the Town or its designee. At annual recertification, households must have at least one person who is employed full time, ten months out of each calendar year on the Island.

Occupancy and Eligibility Requirements

Any person or household who purchases or rents a workforce housing unit must occupy the unit as their sole residence. Households must meet the income requirements of 60-80% Average Median Income (AMI) for rental units and 80-100% AMI for owner-occupied units.

Workforce Housing Sale & Resale Price

The initial sale and resale price of any workforce housing unit that is still in the WFH Program based on the affordability period, will be limited based on HUD's annual household income limits. Units will be allowed to build equity based on an inflation factor, based on Consumer Product Index, and when sold can include customary closing costs as well as salesperson commissions and costs related to capital improvements made to the unit.

Workforce Housing Rental Rates

Workforce housing maximum rental rates will be based on 80% of HUD's AMI for Beaufort County, multiplied by 30% and divided by 12. Rental units will be leased for a minimum of one year with consistent rent throughout the lease. The maximum rent for the first year will be determined at initial application and will be recertified each year during renewal of a lease.

Parking Requirements

The parking requirements for Workforce Housing will be determined by developer submitted parking data. The parking requirements for Mixed-Use will remain at 1.125 spaces per dwelling unit and 1 space per 650 square feet of nonresidential space.

Rules of Measurement

If an existing structure is converted to a mixed-use development under the WFH Program, the permitted density will be determined by using the existing gross floor area. The number of units will not be limited; however, there will be a minimum size for each type of unit.

Definitions

Definitions for Area Median Income, Density Bonus, Household, Household Income, and Workforce Housing will be added.

Attachment B

Workforce Housing LMO Amendments

Chapter 16-2: Administration

Section 16-2-103.G.2.b Development Plan Review (Minor or Major)

2. Applicability

b. Minor or Major Development Plans

There are two types of Development Plans: Minor and Major.

- i. Approval of a Minor Development Plan is required for the following types of *development*, provided the *development* does not involve any *wetland alteration*:
 01. Accessory *uses* and *structures*;
 02. Temporary *uses* and *structures*, including temporary *construction* storage and staging; and
 03. Any other *development* that does not involve *construction* of a new *building* or addition, such as parking *lot* changes, new pools or decks, recreation fields or courts, or changes in general site design.
 04. Any structure(s) that are converted to mixed-use and include workforce housing.
- ii. Approval of a Major Development Plan is required for all other *development* subject to Development Plan Review.

Chapter 16-3: Zoning Districts

Section 16-3-104. Residential Base Zoning Districts

Section 16-3-104.E Low to Moderate Density Residential (RM-4) District, Section 16-3-104.F Moderate Density Residential (RM-8) District, and Section 16-3-104.G Moderate to High Density Residential (RM-12) District

2. Allowable Principal Uses			
		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES
Residential Uses			
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>

3. Development Form Standards			
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE
Residential ²			

Attachment B

Workforce Housing LMO Amendments

TABLE NOTES:
 P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = **dwelling units**; sf = square feet; GFA = **gross floor area** in square feet; ft = feet; n/a = not applicable
2. Density for developments that include Workforce Housing shall be determined based on Sec. 16-4-105B.

Section 16-3-105. Mixed-Use and Business Districts

Section 16-3-105.B Coligny Resort (CR) District, Section 16-3-105.D Light Commercial (LC) District, Section 16-3-105.F Main Street (MS) District, Section 16-3-105.G Marshfront (MF) District, Section 16-3-105.I Mitchelville (MV) District, Section 16-3-105.J Neighborhood Commercial (NC) District, Section 16-3-105.L Resort Development (RD) District, Section 16-3-105.M Sea Pines Circle (SPC) District, and Section 16-3-105.O Waterfront Mixed-Use (WMU) District

2. Allowable Principal Uses			
		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES
Residential Uses			
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>

3. Development Form Standards			
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE
Residential ²			

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2. Density for developments that include Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105B.

Section 16-3-105.H Medical (MED) District and Section 16-3-105.N Stoney (S) District

2. Allowable Principal Uses			
		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES
Residential Uses			
<u>Mixed-Use</u>	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>Residential</u>
			<u>Nonresidential</u>

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Workforce Housing LMO Amendments

<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>
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3. Development Form Standards			
MAX. DENSITY (PER NET ACRE)		LOT COVERAGE	
Residential ²			

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P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = **dwelling units**; sf = square feet; GFA = **gross floor area** in square feet; ft = feet; n/a = not applicable
2. Density for developments that include Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105B.

Section 16-3-105.C Community Commercial (CC) District

2. Allowable Principal Uses			
		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES
<u>Residential Uses</u>			
<u>Multifamily</u>	PC	<u>Sec. 16-4-102.B.1.b</u>	<u>1 bedroom</u> <u>1.4 per du</u>
			<u>2 bedrooms</u> <u>1.7 per du</u>
			<u>3 or more bedrooms</u> <u>2 per du</u>
<u>Mixed-Use</u>	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>Residential</u> <u>1.125 per du</u>
			<u>Nonresidential</u> <u>1 per 650 GFA</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>

3. Development Form Standards			
MAX. DENSITY (PER NET ACRE)		LOT COVERAGE	
Residential ^{2,3}			

TABLE NOTES:
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = **dwelling units**; sf = square feet; GFA = **gross floor area** in square feet; ft = feet; n/a = not applicable
2. Density for developments that include Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105B.
3. For developments that convert nonresidential square footage to residential use refer to Sec. 16-10-102B.1.

Attachment B

Workforce Housing LMO Amendments

Section 16-3-105.K Planned Development Mixed Use (PD-1) District

3. Principal Uses Restricted by Master Plan				
The Master Plans and associated text, as approved and amended by the Town, establish general permitted uses for the respective PUDs, except as may be modified by an overlay zoning district. Undesignated areas on these Master Plans shall be considered as <i>open space</i> . The following uses are restricted to locations where a Town-approved Master Plan or associated text specifically states such uses are permitted. In addition, the use-specific conditions referenced below shall apply to any new such use or change to the site for any existing such use.				
		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<u>Mixed-Use</u>	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>Residential</u>	<u>1.125 per du</u>
			<u>Nonresidential</u>	<u>1 per 650 GFA</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	

4. Development Area Densities				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ¹				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = <i>dwelling units</i> ; sf = square feet; GFA = <i>gross floor area</i> in square feet; ft = feet; n/a = not applicable				
<u>1. Density for developments that include Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105B.</u>				

Section 16-3-106 Overlay Zoning Districts

A. Purpose

Overlay zoning districts are superimposed over portions of one or more underlying base zoning districts or planned development districts with the intent of supplementing generally applicable development regulations with additional development regulations that address special area-specific conditions, features, or plans while maintaining the character and purposes of the underlying zoning district.

B. Establishment of Overlay Zoning Districts

Table 16-3-106.B, Overlay Zoning Districts Established, sets out the overlay zoning districts established by this Ordinance. Except where specifically provided in this Ordinance, variances from the overlay zoning district standards shall not be granted.

Attachment B

Workforce Housing LMO Amendments

TABLE 16-3-106.B: OVERLAY ZONING DISTRICTS ESTABLISHED	
DISTRICT NAME	ABBREVIATION
Airport Overlay District	A-O
Corridor Overlay District	COR
Planned Development Overlay District	PD-2
Forest Beach Neighborhood Character Overlay District	FB-NC-O
Folly Field Neighborhood Character Overlay District	FF-NC-O
Holiday Homes Neighborhood Character Overlay District	HH-NC-O
Redevelopment Overlay District	R-O
Coastal Protection Area Overlay District	CPA -O
Transition Area Overlay District	TA-O
<u>Workforce Housing Overlay District</u>	<u>WFH-O</u>

N. Workforce Housing Overlay (WFH-O) District

1. Applicability and Purpose

- a. The purpose of the Workforce Housing Overlay (WFH-O) District is to encourage the development of workforce housing by offering a density bonus to those developments that include workforce housing units.
- b. All new development and changes to existing development are subject to the overlay district regulations, in addition to those listed in Sec. 16-4-105, Workforce Housing Program.

2. Approval

Compliance with these regulations shall be determined by the Official at the time the Development Plan Review or Subdivision is reviewed and shall be based upon the standards of Sec. 16-4-105, Workforce Housing Program.

3. Delineation of District

The Workforce Housing Overlay (WFH-O) District includes all parcels shown as hatched in Figures 16-3-106.N.3.a-c below.

Attachment B
Workforce Housing LMO Amendments

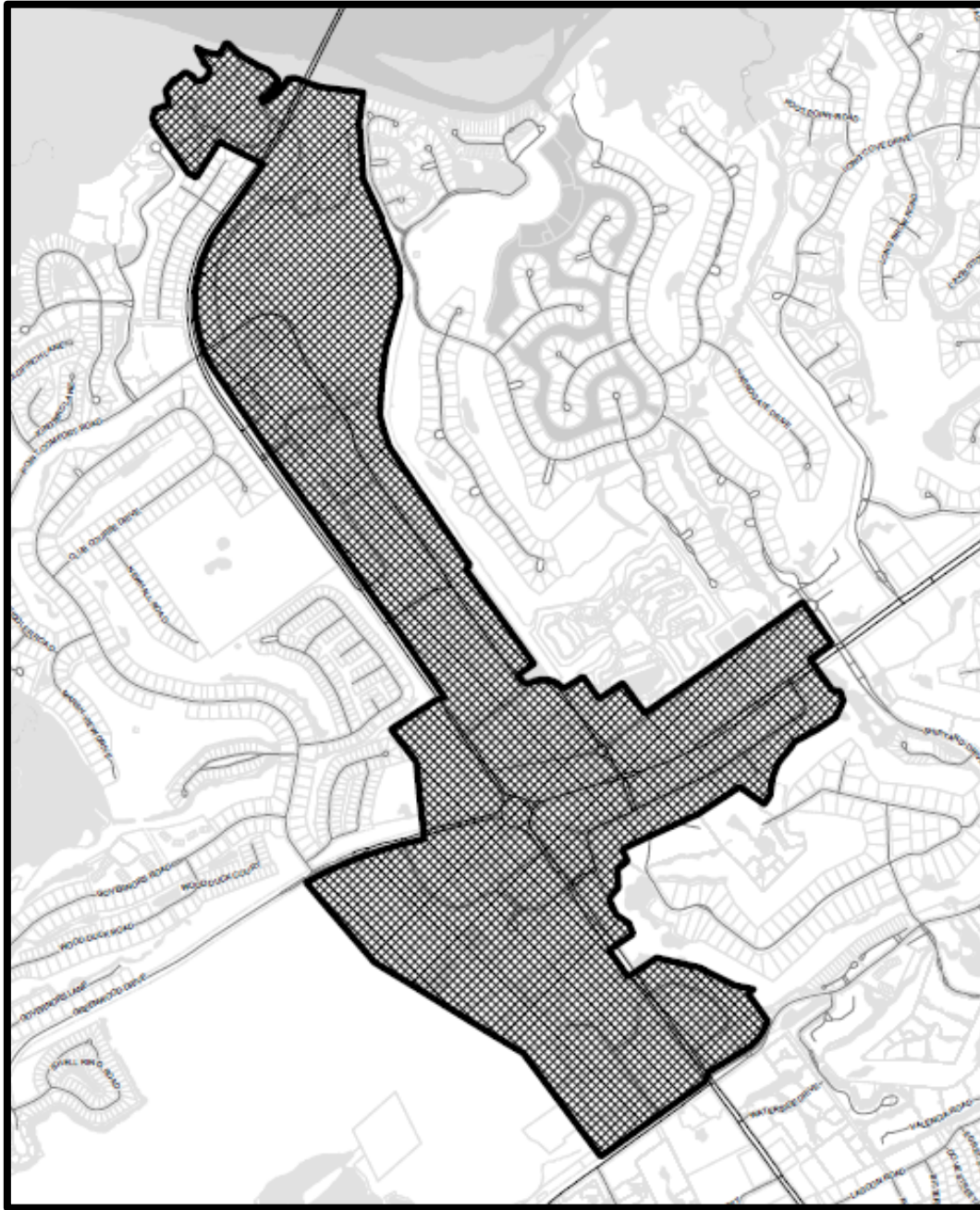


Figure 16-3-106.N.3.a – Palmetto Bay/Arrow Road/Pope Avenue Area

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Workforce Housing LMO Amendments

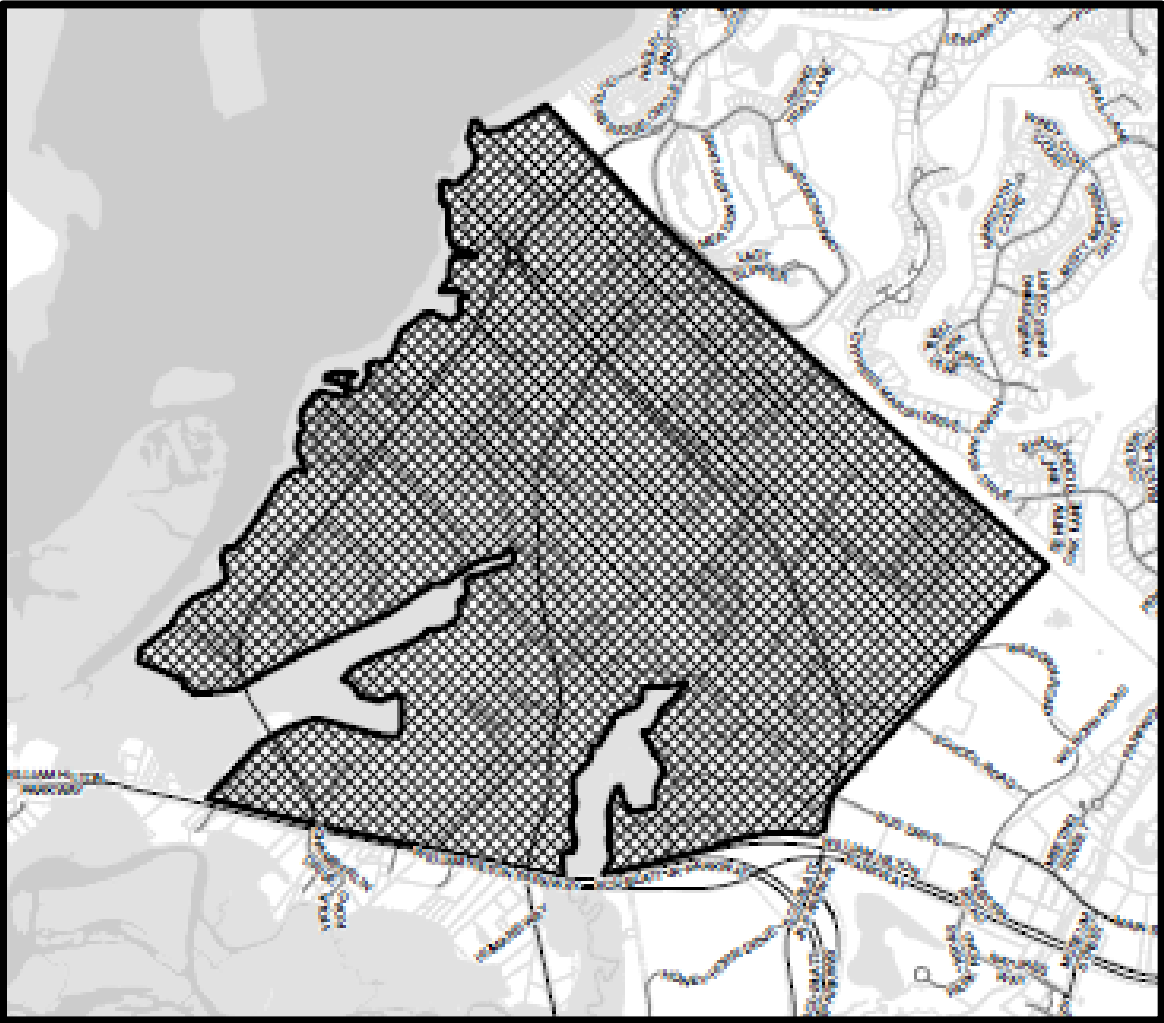


Figure 16-3-106.N.3.b – Squire Pope/Gum Tree Road Area

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Workforce Housing LMO Amendments

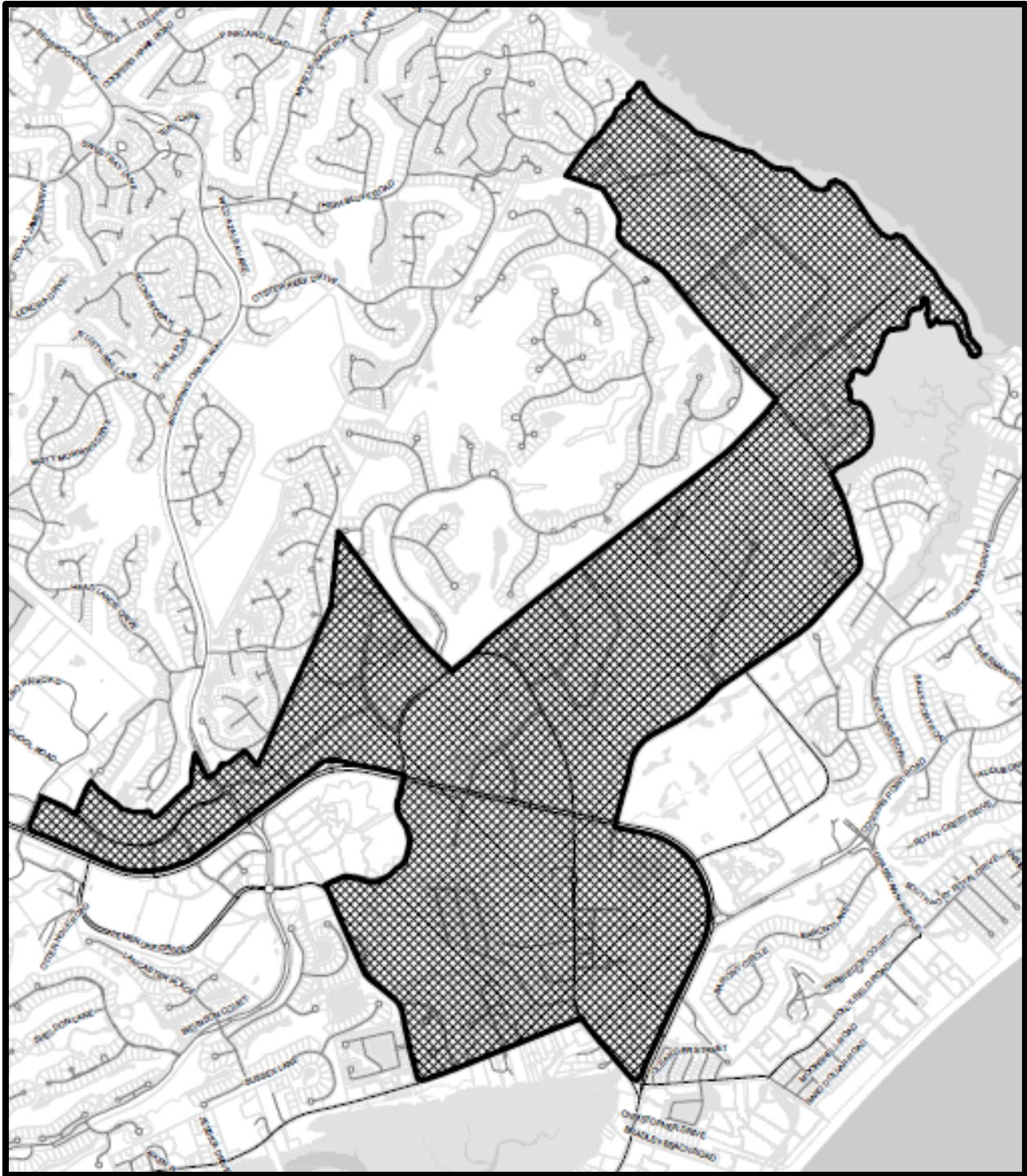


Figure 16-3-106.N.3.c – Opportunity Zone/Main Street Area

Attachment B Workforce Housing LMO Amendments

Chapter 16-4: Use Standards

TABLE 16-4-102.A.6: PRINCIPAL USE TABLE																					
P = Permitted by Right PC = Permitted Subject to Use-Specific Conditions																					
SE = Allowed as a Special Exception Blank Cell = Prohibited																					
USE CLASSIFICATION/ USE TYPE	SPECIAL DISTRICTS		RESIDENTIAL DISTRICTS					MIXED-USE AND BUSINESS DISTRICTS										USE-SPECIFIC CONDITIONS			
	CON	PR	RSF-3	RSF-5	RSF-6	RM-4	RM-8	RM-12	CR	SP	CC	MS	WM	US	MF	MV	NC		LC	RD	MED
RESIDENTIAL USES																					
Mixed-Use									PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	Sec. 16-4-102.B.1.a
Multifamily						P	P	P	PC	P	PC	P	P	P	P	P	P	P	P	P	Sec. 16-4-102.B.1.b
<u>Workforce Housing</u>						PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	<u>Sec 16-4-102.B.1.d</u>

B. Use-Specific Conditions for Principal Uses

1. Residential Uses

Section 16-4-102.B.1.a

a. Mixed-Use

- i. Mixed-use development shall designate separate parking spaces for use by the residential units. The parking spaces designated for residential use shall not be included as part of a shared parking plan.
- ii. In the CR District, there shall be no dwelling units located on the first floor of any mixed-use development unless there are commercial services uses located between the street and the proposed dwelling units.
- iii. In the PD-1 District, mixed-use development shall only be permitted as part of the Workforce Housing Program as outlined in Sec. 16-4-105.
- iv. The density for the redevelopment/conversion of an existing nonresidential structure to mixed-use shall be based on the existing gross floor area and minimum unit sizes as described in Sec. 16-10-102.B.1.
- v. Mixed-use development that involves workforce housing shall comply with the Workforce Housing Program as outlined in Sec. 16-4-105.

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Workforce Housing LMO Amendments

Section 16-4-102.B.1.b

b. Multifamily

- i. In the CR District, there shall be no dwelling units located on the first floor of any multifamily development unless there are commercial services uses located between the street and the proposed dwelling units.
- ii. In the CC District, multifamily use shall only be permitted as a commercial conversion per Sec. 16-10-102B.1.

Section 16-4-102.B.1.d

d. Workforce Housing

Any development that includes workforce housing shall comply with the Workforce Housing Program as outlined in Sec. 16-4-105.

Section 16-4-105. Workforce Housing (WFH) Program

A. Workforce Housing Location Criteria

1. Workforce housing is permitted on parcels that are located within the Workforce Housing Overlay (WFH-O) District as identified in Sec. 16-3-106.N.
2. Workforce housing is permitted on parcels located within any State designated Opportunity Zone within the Town.
3. Workforce housing may be permitted in the PD-1 District through a Zoning Map Amendment in accordance with Sec. 16-2-103.D.
4. Workforce housing is not permitted on parcels located within a legally platted and developed single family subdivision.

B. Workforce Housing Density

All Units:

1. The WFH-O District offers a density bonus up to 100% above the base residential density standards. This program requires a minimum 25% density bonus above the base residential density to participate.
2. For every two bonus units permitted, at least one must be a workforce housing unit. If only one bonus unit is proposed, it must be a workforce housing unit.

Attachment B

Workforce Housing LMO Amendments

3. The maximum density permitted in any workforce housing development after applying all incentives is limited to 24 units per acre.
4. Development incentives for commercial conversion projects that include at least 20% workforce housing units will be a reduction in minimum unit sizes by 30% and up to 50% of the units in the development may be micro-efficiency and studio units, as described in Sec. 16-10-102B.1.

For-Sale Units:

1. Developers requesting a density bonus shall enter into a Workforce Housing Agreement with the Town of Hilton Head Island, or its designee. Following execution of the agreement by all parties, the completed Workforce Housing Agreement, or memorandum thereof, shall be recorded and the conditions therefrom filed and recorded on the parcel or parcels designated for the construction of workforce housing units. The Workforce Housing Agreement shall be binding to all future owners and successors in interest. The agreement shall be in a form reviewed and approved by the Administrator.
 - a. The agreement, at a minimum, shall establish the number of workforce housing units including their square footage, number of bedrooms, and location within development. The agreement will also include terms and conditions of affordability, resale provisions, and other standards as set forth in Sec. 16-4-105.
 - b. Owner-occupied workforce housing units that are provided under Sec. 16-4-105 are subject to a Workforce Housing Agreement and shall remain as workforce housing for a minimum of 30 years from the date of initial certificate of occupancy.
 - c. No certificate of occupancy shall be issued until complete certified and recorded copies of the Workforce Housing Agreement have been provided to the Town.

Rental Units:

1. Developers requesting a density bonus shall enter into a Workforce Housing Agreement with the Town of Hilton Head Island, or its designee. Following execution of the agreement by all parties, the completed Workforce Housing Agreement, or memorandum thereof, shall be recorded and the conditions therefrom filed and recorded on the parcel or parcels designated for the construction of workforce housing units. The Workforce Housing Agreement shall be binding to all future owners and successors in interest. The agreement shall be in a form reviewed and approved by the Administrator.

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Workforce Housing LMO Amendments

- a. The agreement, at a minimum, shall establish the number of workforce housing units including their square footage, number of bedrooms, and location within development. The agreement will also include terms and conditions of affordability, rental rate provisions, and other standards as set forth in Sec. 16-4-105.
- b. Rental workforce housing units that are provided under Sec. 16-4-105 are subject to a Workforce Housing Agreement and shall remain as workforce housing for a minimum of 99 years from the date of initial certificate of occupancy.
- c. For rental units, the agreement shall also include a provision requiring owners to submit an annual sworn affidavit to the Town, or its designee, certifying that the rental rate(s) meets the requirements of Sec. 16-4-105.G.
- d. No certificate of occupancy shall be issued until complete certified and recorded copies of the Workforce Housing Agreement have been provided to the Town.

C. Standards for Workforce Housing Units

All Units:

1. For development that contains market-rate and workforce housing, the workforce housing units shall be mixed with, and not clustered together or segregated in any way from, market-rate units. If the development contains a phasing plan, the phasing plan shall provide for the development of workforce units concurrently with the market-rate units.
2. The workforce housing units shall consist of a range of number of bedrooms that are comparable to units in the overall development.
3. The exterior design of workforce housing units must be compatible and comparable with the rest of the units in the development.
4. Prior to the issuance of a building permit for any units in a workforce housing development, the applicant shall execute any and all documents required by the Town, including, without limitation, restrictive covenants, deed restrictions, and related instruments to ensure affordability of workforce housing units in accordance with this Section.

For-Sale Units:

1. The Town will not issue certificates of occupancy for purchased single family market-rate units associated with development or redevelopment projects subject to the workforce housing provisions unless and until certificates of occupancy have been issued for the purchased single family workforce housing units.

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Workforce Housing LMO Amendments

2. Restrictive covenants for workforce housing units subject to the provisions of the Sec. 16-4-105 shall be filed that require compliance with the following:
 - a. Workforce housing units may only sold to households earning 80 to 100% of the AMI for Beaufort County.
 - b. Owner-occupied workforce housing units shall remain in the WFH program for a minimum of 30 years from the date of the initial certificate of occupancy.
 - c. Workforce housing units shall not be used for short-term rental.

Rental Units:

1. The Town will not issue a certificate of occupancy for building that contains both market-rate and workforce housing rental units unless the development has complied with workforce housing provisions as outlined in this Section.
2. Designation of a unit as workforce is not required to stay with the same unit over the term required to remain workforce so long as the minimum number of workforce units are provided.
3. Restrictive covenants for workforce housing units subject to the provisions of the Sec. 16-4-105 shall be filed that require compliance with the following:
 - a. Workforce housing units may only rented to households earning 60 to 80% of the AMI for Beaufort County.
 - b. Rental workforce housing units shall remain in the WFH program for a minimum of 99 years from the date of the initial certificate of occupancy.
 - c. Workforce housing units shall not be used for short-term rental.

D. Workforce Housing Income and Employment Regulations

All Units

1. An eligible household will be required to meet income requirements and must have at least one person who is employed full time by a lawfully licensed business located on the Island.

For-Sale Units:

1. The eligibility of a potential owner-occupier of a workforce housing unit shall be determined upon submittal of a Certificate of Eligibility (COE) to the Town, or its designee.

Attachment B

Workforce Housing LMO Amendments

Rental Units:

1. At annual recertification, eligible households shall include at least one person that is employed full time ten out of twelve months each year by a lawfully licensed business located on the Island.
2. The property owner, or their designee, of a workforce unit shall be required to submit annually a COE to the Town, or its designee, verifying that the applicable income and employment regulations of this Section are met by all households occupying said workforce unit.
3. Per Sec. 16-8-102, failure to submit the required annual verification or failure to provide documentation prior to change in ownership shall constitute a violation of the restrictive covenants, the conditions of the certificate of occupancy, and this section, and is subject to enforcement action by the Town per Sec. 16-8-106.

E. Occupancy and Eligibility Requirements

For-Sale Units:

1. A household that purchases a for-sale workforce housing unit shall occupy that unit as their sole residence.
2. Eligible households must have an annual household income between 80 and 100% of the most recently published HUD Area Median Income (AMI) for Beaufort County for owner-occupied workforce housing units.
3. Households must be eligible to purchase workforce housing units and obtain a Certificate of Eligibility (COE) from the Town, or its designee. A sales contract may not be executed before the household receives the COE.

Rental Units:

1. A household that occupies a rental workforce housing unit shall occupy that unit as their sole residence.
2. Eligible households must have an annual household income between 60 and 80% of the most recently published HUD AMI for Beaufort County for rental workforce housing units.
3. Households must be eligible to rent workforce housing units and obtain the appropriate COE from the Town, or its designee. A rental agreement may not be executed before the household receives the COE.
 - a. A COE must be renewed prior to the anniversary of a lease renewal. A lease shall not be renewed unless the entire development meets the eligibility requirements outlined in this Section.

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Workforce Housing LMO Amendments

- b. The owner of the rental unit(s) shall be required to submit a sworn affidavit on a yearly basis to the Town or its designee, certifying that the workforce housing unit rental rate(s) meets the requirements of Sec. 16-4-105.G.1.
- c. Per Sec. 16-8-102, occupancy of a rental unit not consistent with this Section shall constitute a violation and is subject to enforcement action by the Town per Sec. 16-8-106.

F. Workforce Housing Sale & Resale Price

For-Sale Units:

- 1. The initial sale price of a workforce housing unit shall be determined by HUD's annual household income limits.
- 2. The resale price of a workforce housing unit shall not exceed the purchase price paid by the owner of the unit with the following exceptions:
 - a. Customary closing costs and costs of sale;
 - b. Costs of real estate commissions paid by the seller if a license real estate salesperson is employed;
 - c. Consideration of permanent capital improvements installed by the seller; and
 - d. An inflation factor, based on Consumer Product Index, to be applied to the original sale price of a for-sale unit.
- 3. All restrictions affecting the workforce housing unit shall be recorded in the deed at the time of initial sale or conveyance and in any future sales or conveyances of the unit.
- 4. Resale of workforce housing units shall be limited by deed restriction to a purchaser who meets the requirements of 16-4-105.E during the affordability term of the unit.

G. Workforce Housing Rental Rates

Rental Units:

- 1. Workforce housing maximum monthly rental rates shall be calculated using 80% AMI for Beaufort County, multiplying by 30% and dividing by 12.
- 2. All leases shall be for one year in length with a rent consistent throughout the term of the lease.

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Workforce Housing LMO Amendments

Chapter 16-5: Development and Design Standards

Section 16-5-107. Parking and Loading Standards

D. Parking Space Requirements

1. Minimum Number of Parking Spaces

TABLE 16-5-107.D.1: MINIMUM NUMBER OF PARKING SPACES		
USE CATEGORY/USE TYPE	MINIMUM NUMBER OF PARKING SPACES ^{1,2,3,4}	
	CR DISTRICT	ALL OTHER DISTRICTS
RESIDENTIAL USES		
<u>Workforce Housing</u>	<u>See Sec. 16-5-107.D.2</u>	<u>See Sec. 16-5-107.D.2</u>

Chapter 10: Definitions, Interpretation and Measurement

Section 16-10-102. – Rules of Measurement

B. Density

1. Commercial Conversion

For conversion of non-residential square footage (commercial conversion) to residential or mixed-use development, density shall be based on the existing gross floor area and the minimum unit sizes established below:

Minimum Unit Sizes

<u>Unit Type</u>	<u>Market-Rate Conversion Minimum Unit Size</u>	<u>Workforce Housing Conversion Minimum Unit Size</u>
<u>Micro Efficiency</u>	<u>NA</u>	<u>280 square feet</u>
<u>Studio</u>	<u>NA</u>	<u>400 square feet</u>
<u>1-bedroom</u>	<u>800 square feet</u>	<u>560 square feet</u>
<u>2-bedroom</u>	<u>1,075 square feet</u>	<u>750 square feet</u>
<u>3-bedroom</u>	<u>1,330 square feet</u>	<u>930 square feet</u>

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- 2. Density**
- 3. Gross Floor Area**
- 4. Net Acre**

Section 16-10-103. - Use Classifications, Use Types, and Definitions

A. Residential Uses

1. Description

The Residential Uses classification is primarily characterized by the residential occupancy of a dwelling unit by a household. Such household living uses include single-family dwellings and multifamily dwellings (triplexes and other multifamily development, including townhouse development). The Residential Uses classification also includes group living uses (the residential occupancy of a group of living units by persons who do not constitute a single-family), as well as recreational vehicle (RV) parks (providing spaces for overnight accommodation of people in a recreational vehicle), and workforce housing. Accessory uses commonly associated with Residential Uses are recreational activities, raising of pets, hobbies, parking of the occupants' vehicles, and administrative offices in multifamily, group living, ~~and~~ recreational vehicle (RV) parks, and workforce housing developments. Home occupations are accessory uses that are subject to additional regulations (see Sec. 16-4-103.E.3, Home Occupation).

2. Use Types and Definitions

Mixed-Use

Development that includes two or more different uses, which shall include multifamily or workforce housing use and one or more of the Office uses, as described in Sec. 16-10-103.F or one or more of the Commercial Services uses, as described in Sec. 16-10-103.G or some combination thereof. Such uses should be functionally integrated and share vehicular use areas, ingress/egress, and pedestrian access.

Workforce Housing

Housing that is affordable at 60-100% of the Area Median Income (AMI) for Beaufort County.

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Section 16-10-104. – Table of Abbreviations

TABLE 16-10-104: ABBREVIATIONS	
ABBREVIATION	COMPLETE TERM
ac	Acre
AADT	Annual Average Daily Traffic
ACI	Adjusted Caliper Inches
ADA	Americans with Disabilities Act
ADT	Average daily trips
ANSI	American National Standards Institute
AASHTO	American Association of State Highway and Transportation Officials
<u>AMI</u>	<u>Area Median Income</u>
BFE	Base flood elevation
BMP	Best management practice
<u>COE</u>	<u>Certificate of Eligibility</u>
DBH	Diameter at breast height
DRB	Design Review Board
CIP	Capital Improvements Program
DHEC	South Carolina Department of Health and Environmental Control
du	Dwelling unit(s)
EV	Electric vehicle
FAA	Federal Aviation Administration
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Maps
ft	Feet
GFA	Gross floor area
HHI	Hilton Head Island
<u>HUD</u>	<u>U.S. Department of Housing and Urban Development</u>
IBC	International Building Code
IESNA	Illuminating Engineering Society of North America
ITE	Institute of Transportation Engineers
LMO	Land Management Ordinance
LOS	Level of service
MSL	Mean sea level
NAD	North American Datum
NAVD	North American Vertical Datum
NPDES	National Pollutant Discharge Elimination System
OCRM	(DHEC) Office of Ocean and Coastal Resource Management
PD	Planned development
PSD	Public Service District
PUD	Planned unit development

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TABLE 16-10-104: ABBREVIATIONS	
ABBREVIATION	COMPLETE TERM
SC	South Carolina
S.C. Code of Laws	Code of Laws of South Carolina
SCDOT	South Carolina Department of Transportation
sf	Square feet
USACOE	United States Army Corps of Engineers
WEC	Wind energy conversion
<u>WFH</u>	<u>Workforce Housing</u>

Section 16-10-105. - General Definitions

Area Median Income (AMI)

The median income level for Beaufort County, as established and defined in the annual schedule published by the Secretary of the U.S. Department of Housing and Urban Development, (HUD), adjusted for household size.

Density Bonus

An increase in the number of units permitted on the site in order to provide an incentive for the construction of workforce housing.

Household

Individuals who comprise a family unit and who live together under the same roof.

Household Income

The aggregate total of income earned by every member of a single household.