



Town of Hilton Head Island  
**LMO Committee Special Meeting**  
**August 11, 2020 – 9:00 a.m.**  
**AGENDA**

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This meeting is being conducted virtually in accordance with Town Council Emergency Ordinance 2020-13 and can be viewed live on the Town's Public Meeting Facebook Page at <https://www.facebook.com/townofhiltonheadislandmeetings/>. Following the meeting, the video record will be made available on the Town's website at <https://www.hiltonheadislandsc.gov/>.

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. **Roll Call**
4. **Approval of Agenda**
5. **Approval of Minutes**
  - a. Meeting of February 19, 2020
6. **Citizen Comments**
7. **Unfinished Business**
  - a. Review of proposed Workforce Housing LMO Amendments
8. **New Business**
9. **Adjournment**

Public comments concerning agenda items can be submitted electronically via the Town's Virtual Town Hall public comment portal at <https://hiltonheadislandsc.gov/opentownhall/>. The portal will close at **Noon** the day prior to the scheduled meeting. Citizens may also call (843) 341-4691 to sign up for public comment participation during the meeting by phone. The public comment period will close at **Noon** the day prior to the scheduled meeting. All comments will be provided to the Commission for review and made part of the official record.

**Please note that a quorum of Planning Commission may result if five (5) or more of their members attend this meeting.**

**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  
**Planning Commission LMO Committee**

February 19, 2020 at 2:00 p.m. Regular Meeting  
Benjamin M. Racusin Council Chambers

## **MEETING MINUTES**

**Present from the Committee:** Chair Leslie McGowan, Michael Scanlon, Palmer E. Simmons

**Absent from the Committee:** Vice Chairman Todd Theodore

**Present from the Planning Commission:** Lavon Stevens, Mark O'Neil

**Present from Town Council:** David Ames, Tamara Becker, Glenn Stanford

**Present from Town Staff:** Nicole Dixon, Development Review Administrator; Chris Darnell, Urban Designer; Teresa Haley, Senior Administrative Assistant

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**1. Call to Order**

Chair McGowan called the meeting to order at 2:00 p.m.

**2. FOIA Compliance** – Public notification of this meeting has been published, posted, and mailed in compliance with the South Carolina Freedom of Information Act and the Town of Hilton Head Island requirements.

**3. Approval of Agenda**

Mr. Simmons moved to approve the agenda. Mr. Scanlon seconded. The motion passed with 3-0-0.

**4. Approval of Minutes** – Meeting of January 15, 2020 and Special Meeting of February 6, 2020  
Mr. Scanlon moved to approve the minutes of the January 15, 2020 regular meeting. Mr. Simmons seconded. The motion passed with a vote of 3-0-0.

Mr. Simmons moved to approve the minutes of the February 6, 2020 special meeting. Chair McGowan seconded. The motion passed with a vote of 2-0-1. Mr. Scanlon abstained as he was not present at the subject meeting.

**5. Appearance by Citizens on Items Unrelated to Today's Agenda** – None

**6. Unfinished Business**

**a.** Discussion with DRB members related to the RD and CR zoning district standards

Chair McGowan invited Dale Strecker, Chairman of the Design Review Board (DRB) and Cathy Foss, DRB member to discuss the RD and CR zoning district standards. On behalf of the DRB, Mr. Strecker and Ms. Foss expressed concerns that have come up with applications before the DRB about the height, size and mass of buildings.

Chair McGowan asked for public comments and received the following: concerns for additional driving lanes being added to the CR and RD districts like being done in the Shelter Cove area; maintain the neighborhood character of the Forest Beach area.

At the conclusion of the discussion, the Committee directed Staff to draft LMO amendments to address the following concerns: revise the RD district purpose statement so that it more closely reflects the language in the CR district purpose with regard to pedestrian scale; revise the RD district height standards so that it uses a setback to determine the height allowed, similar to that of the CR district; require a landscape median in between a building and parking, and a building and a drive aisle. The Committee asked for the Staff Attorney to attend the next meeting to weigh in on the DRB adding beyond the LMO requirements. The Committee also asked the DRB to provide additional input and specific sites.

**7. New Business – None**

**8. Adjournment**

The meeting was adjourned at 2:30 p.m.

**Submitted by:** Teresa Haley, Secretary

**Approved:** [DATE]

DRAFT



# 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:** July 30, 2020  
**SUBJECT:** Workforce Housing LMO Amendments

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At the February 6, 2020 LMO Committee meeting, the Committee reviewed the proposed Workforce Housing (WFH) LMO amendments. The Committee requested additional information from staff regarding the affordability period for rental units, consequences for noncompliance, foreclosure of a unit, and cost for homeowners association fees. Information regarding these is provided below:

- The Committee was concerned that a 99 year affordability term for rental units may be too long. Staff found that the longer 99 year affordability term for rental units was typically used when the units were owned or managed by the local government or community development corporation (CDC). Units that are not owned or managed by the local government or CDC typically had a lesser affordability term of 15 to 30 years. Staff has revised the affordability term for rental units in the Workforce Housing Program to 30 years.
- The Committee requested more information on what penalties there could be for noncompliance with the provisions in the LMO. Any action that is noncompliant with the stated provisions of the LMO is subject to the Code Enforcement provisions listed in Chapter 8. Additionally, there will be restrictive covenants applied to the property that will give the Town injunctive relief should the provisions of the program not be followed.
- The Committee inquired if properties in the WFH program would continue to be in the program after a bankruptcy or foreclosure. Local government has limited power when it comes to bankruptcies and foreclosure unless there are State laws that allow workforce housing or affordability terms to stay with a property through bankruptcy or foreclosure. The State of South Carolina does not have such a law at this time, therefore, no provisions have been added to address bankruptcy or foreclosure of units in the Workforce Housing Program. If a property in the WFH Program goes through bankruptcy or foreclosure, the affordability term and WFH provisions will no longer be applicable.
- The Committee inquired if fees related to a homeowner's association (HOA) could be waived or discounted for WFH units in order to keep the cost of the unit lower. When a development has an HOA, typically there are annual dues for the maintenance of community amenities. A provision has been added that HOA dues for WFH units are limited to a maximum of 75% of that charged to market-rate units in order to limit the costs of HOA dues passed on to a workforce housing unit.

Staff has made some other changes since these amendments were last reviewed by the LMO Committee. One significant change is the manner in which WFH will be permitted. Originally staff proposed the creation of an Overlay District to delineate the locations where WFH would be permitted. The amendments now create WFH as a permitted use subject to specific conditions in certain zoning districts. The areas where WFH would be permitted have not significantly changed.

Other smaller changes made to the amendments that are identified below:

- A maximum residential density was created for the MED and CC Zoning Districts.
- Flexibility in parking for all WFH related uses was added and a footnote referring to parking was added to the zoning district sections.
- Throughout the WFH Program staff used the term ‘for-sale’ unit. This have been changed to use the term ‘owner-occupied’ unit.
- Occupation of rental units has been changed from not being allowed for short term to not being allowed for a period of less than 90 days.
- Under the employment regulations, the language was clarified to say an eligible household must have at least one person employed at a business within the Town of Hilton Head Island.
- There were several places that referred to an annual renewal or lease requirement. These references have been removed.
- The definitions of household and household income were modified to be clearer.

The Workforce Housing Policy and updated LMO Amendments that would implement this policy are detailed in Attachments A & B.

**Attachment**

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

# Workforce Housing Policy

## **Workforce Housing**

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

## **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, SPC, CC, MS, WMU, S, MV, LC, MED, and PD-1). 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, MED, and PD-1). 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 Program 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 20% workforce housing units will be a reduction in minimum unit size by 30% and the ability to use micro-efficiency and studio units in 50% of the development. The net result will permit an increase in the number of units within the same building envelope.

**Minimum Unit Sizes**

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

Owner-occupied and rental 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 period of 30 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 rental of a unit for less than 90 days.

**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 in the Town of Hilton Head Island. Employment, as well as

income, will be submitted to the Town or its designee. At 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% 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 with consistent rent throughout the lease. The maximum rent will be determined at initial application and will be recertified during renewal of a lease.

### **Parking Requirements**

The parking requirements for Workforce Housing and Mixed-Use development containing WFH will be determined by developer submitted parking data.

### **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 CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES
<b>Residential Uses</b>			
<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 <sup>2</sup>			
<b>TABLE NOTES:</b> 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>2. Density for development that includes Workforce Housing shall be determined based on Sec. 16-4-105.A.</u>			

# Attachment B

## Workforce Housing LMO Amendments

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

Section 16-3-105.B Coligny Resort (CR) District, Section 16-3-105.G Marshfront (MF) District, Section 16-3-105.J Neighborhood Commercial (NC) District, and Section 16-3-105.L Resort Development (RD) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<i>Mixed-Use</i>	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<b>3. Development Form Standards</b>				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential <sup>2</sup>				
<b>TABLE NOTES:</b> 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>2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u>				

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

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<i>Mixed-Use</i> <sup>4</sup>	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>
<i>Multifamily</i>	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>2.0 per du</u>
<i>Workforce Housing</i>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
<b>3. Development Form Standards</b>				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
<u>Residential</u> <sup>2,3</sup>	<u>4 du</u>			
<b>TABLE NOTES:</b> 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>2. Density for development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.</u> <u>3. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u> <u>4 The minimum number of off-street parking spaces for mixed-use or multifamily development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

# Attachment B

## Workforce Housing LMO Amendments

Section 16-3-105.D Light Commercial (LC) District, Section 16-3-105.F Main Street (MS) District, Section 16-3-105.M and Sea Pines Circle (SPC) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<u>Mixed-Use</u> <sup>4</sup>	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	See Sec. 16-5-107.D.2	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential <sup>2,3</sup>				
<b>TABLE NOTES:</b> P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = <b>dwelling units</b> ; sf = square feet; GFA = <b>gross floor area</b> in square feet; ft = feet; n/a = not applicable <u>2. Density for development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.</u> <u>3. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u> <u>4. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

### Section 16-3-105.H Medical (MED) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<u>Mixed-Use</u> <sup>4</sup>	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>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>2.0 per du</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	See Sec. 16-5-107.D.2	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
<u>Residential</u> <sup>2,3</sup>	<u>6 du</u>			

# Attachment B

## Workforce Housing LMO Amendments

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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 development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.  
3. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.  
4. The minimum number of off-street parking spaces for mixed-use or multifamily development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.

### Section 16-3-105.I Mitchelville (MV) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<i>Mixed-Use</i> <sup>3</sup>	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<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 <sup>1,2</sup>				

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1. Density for development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.  
2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.  
3. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.

### 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 CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<u>Mixed-Use</u>	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>See Sec. 16-5-107.D.2</u>	
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	

# Attachment B

## Workforce Housing LMO Amendments

4. Development Area Densities				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential <sup>1,2</sup>				

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1. Density for development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.  
2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.

### Section 16-3-105.O Waterfront Mixed-Use (WMU) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<i>Mixed-Use</i> <sup>5</sup>	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<i>Workforce Housing</i>	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 <sup>3,4</sup>				

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3. Density for development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.  
4. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.  
5. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.

### Section 16-3-105.N Stoney (S) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<b>Residential Uses</b>				
<i>Mixed-Use</i> <sup>4</sup>	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<i>Workforce Housing</i>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	

# Attachment B

## Workforce Housing LMO Amendments

3. Development Form Standards			
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE
Residential <sup>2,3</sup>			

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2. Density for development that includes Mixed-Use or Workforce Housing shall be determined based on Sec. 16-4-105.A.  
3. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.  
4. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.

### 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	WMUS	MF	MV	NC	LC		RD	MED
<b>RESIDENTIAL USES</b>																				
Mixed-Use									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	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	<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.

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### Workforce Housing LMO Amendments

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

#### 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. Multifamily use in the CC District shall only be permitted as part of a commercial conversion per Sec. 16-10-102.B.1.

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

##### d. Workforce Housing

- i. Any development that includes workforce housing shall comply with the Workforce Housing Program as outlined in Sec. 16-4-105.
- ii. Workforce housing may be permitted in the PD-1 District through a Zoning Map Amendment in accordance with Sec. 16-2-103.C.
- iii. Workforce housing is not permitted on parcels located within a legally platted and developed major single family subdivision.
- iv. In the MS District, properties developed for WFH shall not be permitted on properties located on the south side of U.S. Route 278 (William Hilton Parkway) or properties currently utilized as a school or fire station.
- v. In the S District, properties developed for WFH shall not have vehicular access to U.S. Route 278 (William Hilton Parkway).
- vi. In the WMU District, properties developed for WFH shall not have vehicular access to Marshland Road.
- vii. In the LC District, properties developed for WFH shall not have vehicular access to U.S. Route 278 (William Hilton Parkway) between Wexford Drive and Singleton Beach Road.
- viii. In the RM-4 District, properties developed for WFH shall not have vehicular access to Jonesville Road, Spanish Wells Road, or Marshland Road.

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### **Workforce Housing LMO Amendments**

- ix. In the RM-8 District, properties developed for WFH shall not have vehicular access to Point Comfort Road, Spanish Wells Road, or U.S. Route 278 (William Hilton Parkway).

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

##### **A. Workforce Housing Density**

###### All Units:

1. The WFH Program 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.
3. After applying all incentives, the maximum density permitted in any workforce housing development is 24 units per acre.
4. Commercial conversion projects that include at least 20% workforce housing units will be eligible for incentives, as described in Sec. 16-10-102B.1, including:
  - a. A reduction in minimum unit sizes by 30% and;
  - b. Up to 50% of the units in the development may be micro-efficiency and/or studio units.

##### **B. Standards for Workforce Housing Units**

###### All Units:

1. For development that contains both market-rate and workforce housing units, the workforce 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 include a range of unit sizes, based on the number of bedrooms, which are comparable to units in the overall development.
3. The exterior appearance of workforce housing units must be compatible and comparable with the rest of the units in the development by providing similar architectural style and similar exterior building materials, finishes, and quality of construction.
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.



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### Workforce Housing LMO Amendments

#### Owner-occupied Units:

1. Developers 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 the 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. A certificate of occupancy will not be issued until complete certified and recorded copies of the Workforce Housing Agreement have been provided to the Town.
2. Restrictive covenants for workforce housing units subject to the provisions of Sec. 16-4-105 shall be filed that require compliance with the following:
  - a. Owner-occupied workforce housing units shall only be sold to households earning 80 to 100% of the most recently published HUD area median income (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. Prior to the sale of an owner-occupied workforce housing unit, the Town, or its designee, shall be notified of the owner's intent to place the unit for sale and a Certificate of Eligibility (COE) shall be submitted by the potential buyer.

#### Rental Units:

1. The Town will not issue a certificate of occupancy for any building that contains both market-rate and workforce housing rental units unless the development has complied with the workforce housing provisions as outlined in this Section.
2. The designation of a rental workforce housing unit is not required to stay with the same unit over the 30 year affordability period so long as the minimum number and type of workforce units are provided within the development.
3. Developers 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

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### **Workforce Housing LMO Amendments**

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 the 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. The agreement shall include a provision requiring the owner(s) of rental workforce housing units to submit annually a sworn affidavit to the Town, or its designee, certifying that the rental rate(s) meets the requirements of Sec. 16-4-105.F.
  - c. 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 30 years from the date of initial certificate of occupancy.
  - d. A certificate of occupancy will not be issued until complete certified and recorded copies of the Workforce Housing Agreement have been provided to the Town.
4. Restrictive covenants for workforce housing units subject to the provisions of Sec. 16-4-105 shall be filed that require compliance with the following:
- a. Rental workforce housing units shall only be rented to households earning 60 to 80% of the most recently published HUD AMI for Beaufort County.
  - b. Rental 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. Rental workforce housing units shall not be occupied for a period less than 90 days.

#### **C. Workforce Housing Income and Employment Regulations**

##### All Units

1. Eligible households shall meet the income requirements of this Section and have at least one person who is employed by a lawfully licensed business located within the Town of Hilton Head Island.

##### Owner-occupied Units:

1. The eligibility of a household for a potential owner-occupied workforce housing unit shall be determined upon submittal of a Certificate of Eligibility (COE) to the Town, or its designee, verifying that the applicable income and employment regulations of this Section are met.

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2. Per Sec. 16-8-102, failure to submit the required 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 code enforcement action by the Town per Sec. 16-8-106.
3. Failure to submit the required documentation prior to change in ownership shall be considered a breach of the restrictive covenants, conditions, and restrictions set forth in the Section and the Town shall be entitled to seek such remedies as may be available by law.

#### Rental Units:

1. The property owner, or their designee, of a workforce housing unit shall upon lease renewal, but not less than annually, submit 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 housing unit(s).
2. Upon lease renewal, eligible households shall include at least one person that is employed ten out of twelve months each year by a lawfully licensed business located within the Town of Hilton Head Island.
3. Per Sec. 16-8-102, failure to submit the required verification shall constitute a violation of the restrictive covenants, the conditions of the certificate of occupancy, and this Section, and is subject to code enforcement action by the Town per Sec. 16-8-106.
4. Failure to submit the required verification shall be considered a breach of the restrictive covenants, conditions, and restrictions set forth in the Section and the Town shall be entitled to seek such remedies as may be available by law.

#### **D. Occupancy and Eligibility Requirements**

##### Owner-occupied Units:

1. The household shall occupy the workforce housing unit as their sole residence.
  - a. If at any time the household no longer occupies the unit as their sole residence, the unit shall be sold.
2. Eligible households shall have an annual household income between 80 and 100% of the most recently published HUD AMI for Beaufort County.
3. Households must be eligible to purchase workforce housing units and obtain the appropriate COE from the Town, or its designee. A sales contract may not be executed before the household receives the COE.

##### Rental Units:

1. The household shall occupy the workforce housing unit as their sole residence.
2. Eligible households shall have an annual household income between 60 and 80% of the most recently published HUD AMI for Beaufort County.

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### Workforce Housing LMO Amendments

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.
  - b. The owner of the rental unit(s) shall be required to submit a sworn affidavit on an annual basis to the Town or its designee, certifying that the workforce housing unit rental rate(s) meets the requirements of Sec. 16-4-105.F.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 code enforcement action by the Town per Sec. 16-8-106.
  - d. Occupancy of a rental unit not consistent with this Section shall be considered a breach of the restrictive covenants, conditions, and restrictions set forth in the Section and the Town shall be entitled to seek such remedies as may be available by law.

#### **E. Workforce Housing Sale & Resale Price**

##### Owner-occupied Units:

1. The initial sale price of a workforce housing unit shall be determined by the most recently published HUD annual household income limits.
2. The workforce housing unit may be subject to a homeowners association (HOA). HOA dues for workforce housing units shall be a maximum of 75% of the HOA dues owed by market-rate unit owners.
3. The resale price of a workforce housing unit shall not exceed the initial 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 licensed 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 initial sale price of the unit.
4. 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.
5. Resale of workforce housing units shall be limited by deed restriction to a purchaser who meets the requirements of 16-4-105.D during the affordability period of the unit.

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## Workforce Housing LMO Amendments

### E. Workforce Housing Rental Rates

#### Rental Units:

1. Maximum monthly rental rates for workforce housing shall be calculated using 80% of the most recently published HUD AMI for Beaufort County, multiplying by 30% and dividing by 12.
2. Rental rates shall remain consistent throughout the term of the lease.

## 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 <sup>1,2,3,4</sup>	
	CR DISTRICT	ALL OTHER DISTRICTS
<b>RESIDENTIAL USES</b>		
<u><i>Workforce Housing*</i></u>	<u>See Sec. 16-5-107.D.2</u>	<u>See Sec. 16-5-107.D.2</u>

\*This includes Mixed-Use and Multifamily development containing workforce housing units.

## 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:

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## Workforce Housing LMO Amendments

### 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>

- 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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## Workforce Housing LMO Amendments

### Section 16-10-104. – Table of Abbreviations

<b>TABLE 16-10-104: ABBREVIATIONS</b>	
<b>ABBREVIATION</b>	<b>COMPLETE TERM</b>
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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## Workforce Housing LMO Amendments

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
WFH	<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

One or more people who occupy (live in) the same dwelling.

#### Household Income

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