



The Town of Hilton Head Island
Public Planning Committee Special Meeting
WORKFORCE HOUSING

Thursday, January 16, 2020 – 9:00 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. Workforce Housing** – Discussion on Workforce Housing Program Elements
- 4. 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: Public Planning 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 14, 2020
SUBJECT: Workforce Housing Policy

Staff has drafted a Workforce Housing Policy based upon the four key elements approved by Town Council on November 5, 2019. Town Council requested that the Public Planning Committee (PPC) work with staff to draft a workforce housing policy addressing these 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).

The policy is summarized in Attachment A.

To complete the policy, staff and PPC worked to develop location criteria at their December 11, 2019 meeting. A two tier approach was developed for the program. The following were identified as Tier 1 priority areas for workforce housing: Palmetto Bay/Arrow Road/Pope Avenue area, Squire Pope/Gum Tree Road area, and Opportunity Zone/Main Street area. Additional properties located in appropriate base zoning districts and proximate to an arterial street, public transportation, and employment centers were identified as Tier 2 opportunities. Tier 1 areas were identified as the most appropriate to handle workforce housing and should receive the highest level of incentive.

The attached Workforce Housing Policy includes: 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, including potential application to Town-owned real estate that may be used to facilitate the development of workforce housing. As it relates to the Regional Housing Trust Fund, results of the study will be brought to PPC at a later date.

Attachment

A. Workforce Housing Policy

Workforce Housing Policy

Workforce Housing Overlay (WFH-O) District

The LMO will be amended to create an overlay district to reflect the Tier 1 priority areas. Properties located within a base zoning district that permits workforce housing and are located within one half mile of an arterial street will reflect the Tier 2 areas.

To participate in the Workforce Housing Program (WFH Program), parcels must be included in the WFH-O District or be located within Tier 2 based on location criteria 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

Density bonuses will be applied uniquely to each tier. Tier 1 offers a density bonus up to 100% above the base residential density. Tier 2 offers a density bonus up to 50% 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 rental rates will be based on HUD's Fair Market Rents and adjusted annually for Beaufort County. Rental units will be leased for a minimum of one year with consistent rent throughout the lease. The maximum rent will be determined at initial application and recertified 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 building envelope. 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, Fair Market Rent, and Workforce Housing will be added.