

Town of Hilton Head Island

Housing Workshop

Town Council Workshop
February 22, 2022

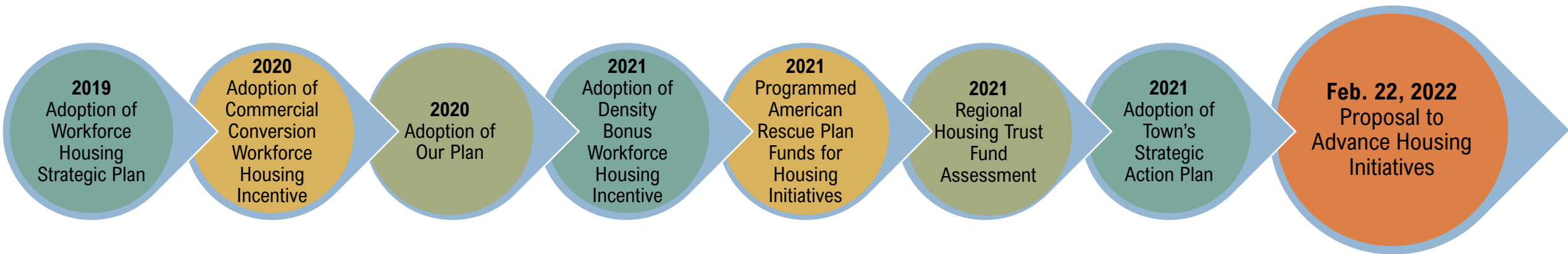


Agenda

- ❑ Housing Initiative Timeline
- ❑ Housing Goals & Strategies
 - Workforce Housing Strategic Plan
 - Our Plan
 - Town Strategic Action Plan
- ❑ Community Profile
- ❑ Workforce & Affordable Housing Options on Hilton Head Island
- ❑ Town Council Policy Actions & Outcomes
- ❑ Housing Program Proposal
 - American Rescue Plan Funded Programs
 - Public Private Partnership Opportunities
- ❑ Proposed Next Steps

HOUSING INITIATIVE TIMELINE

Program **Housing** **Adopted**
workforce **Policy**
American Rescue Plan funds
\$1 million
Home Repair
priority
home safety
Consultant
Lisa Sturtevant and Associates
Regional Housing Trust Fund
hired
Town Council
sewer connection
Housing Strategic Plan





Housing Goals & Strategies



Workforce Housing Strategic Plan

Recommendations from Strategic Plan

1. Housing Trust Fund
2. Commercial Reuse Policy
3. Make Town-Owned Land available
4. Density Bonus Program
5. Employer Assisted Housing
6. Tax & Impact Fee Rebates
7. Home Link/Home Sharing Program
8. Make rental projects more competitive for LIHTC



Adopted April 3, 2019



Workforce Housing Strategic Plan

Workforce Housing Principles

- Solutions for workforce housing should be designed to respect the Town's unique natural and cultural resources.
- Policies that not only provide housing for workers but also promote community on the Island.
- Creating a range of housing options on the Island requires partnerships among the public, private, and nonprofit sectors.
- Incentives for housing should be applied in an equal manner so all property owners on the Island can realize the economic value of their property.



Our Plan

Hilton Head Island
South Carolina
2020 - 2040

Adopted October 20, 2020

Our Plan

Workforce & Affordable Housing is supported by several core values of Our Plan

- Economy Strategies 3.5 and 6.1
- Economy Tactics 3.2.2, 6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5, 6.1.6, and 6.1.7
- Inclusive Strategy 3.3
- Regional Goal 2
- Regional Strategies 2.1, 2.2, 2.4, and 2.5
- Infrastructure Goal 6
- Infrastructure Strategy 6.1

**Town of Hilton Head Island
Strategic Action Plan
FY 2021-2022**



Adopted December 7, 2021

Town Strategic Action Plan

- Implement American Rescue Plan Funding Appropriation
- Assess Creation of Regional Housing Trust Fund
- Implement Workforce & Affordable Housing Strategy

A photograph of a modern residential community. The scene features a row of multi-story houses with light-colored siding and dark shutters. In the foreground, there is a concrete sidewalk, a grassy area, and a gravel driveway. A wooden bench is placed on the gravel area. A road curves to the right, with a car visible in the distance. The sky is clear and blue.

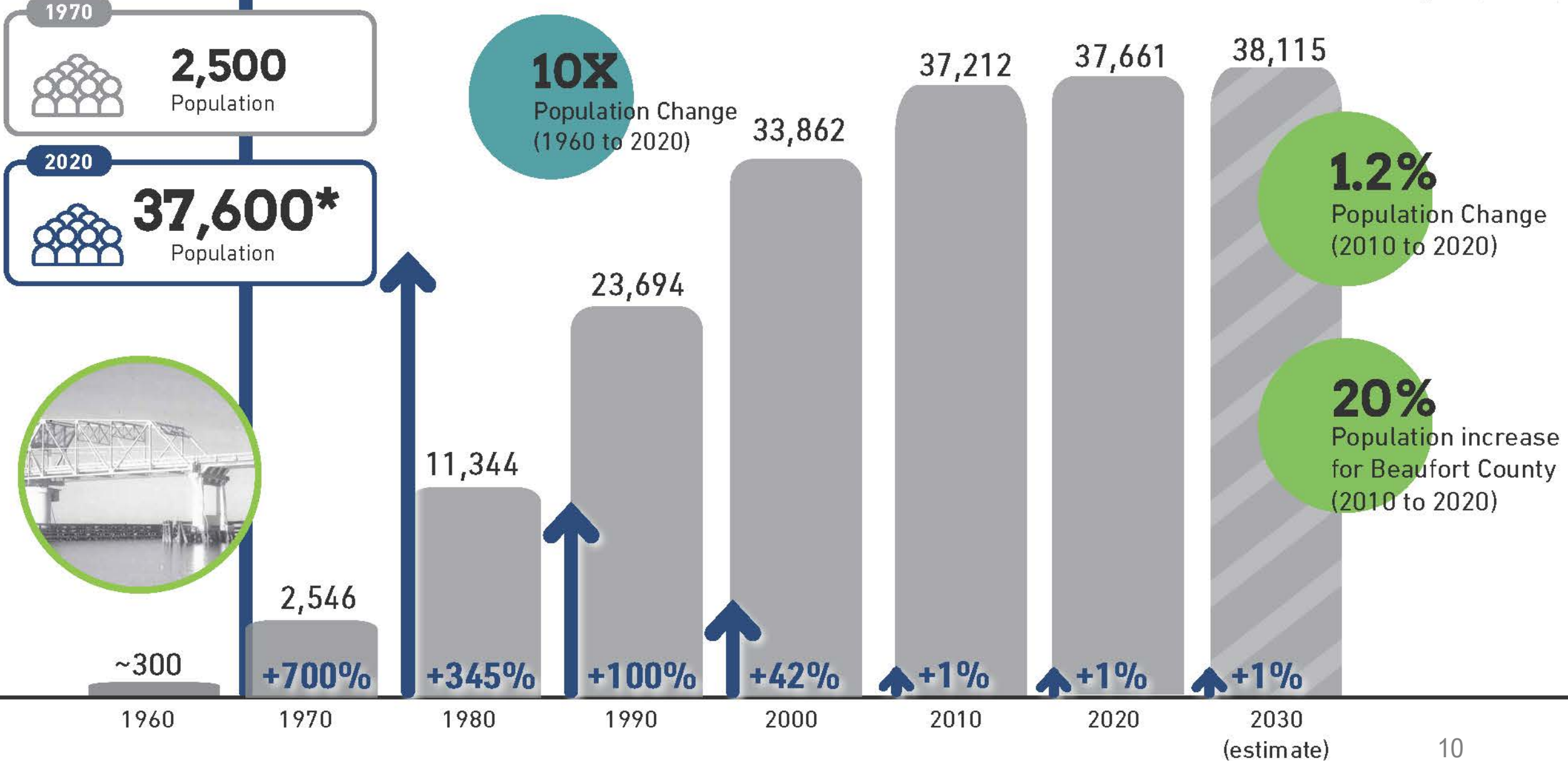
Community Profile

HOW MANY PEOPLE LIVE ON HHI? | Getting started

U.S. Census Bureau, Census 1970-2020

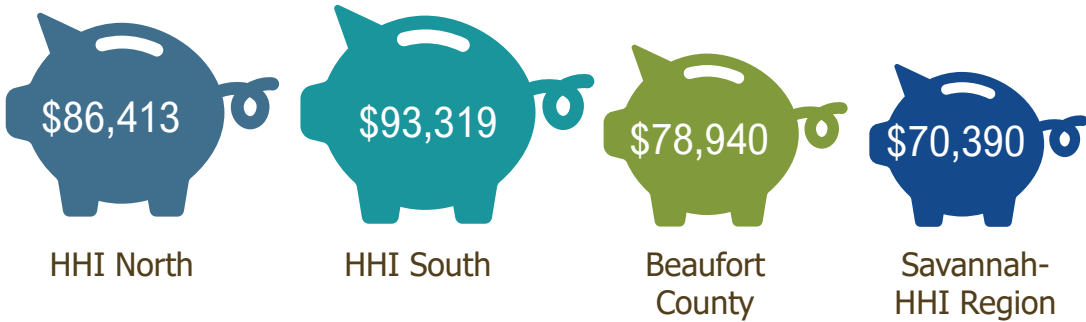
*U.S. Census Bureau, Census 2010. Esri Forecasts for 2021 and 2026

2020: DEC Redistricting Data (PL 94-171)

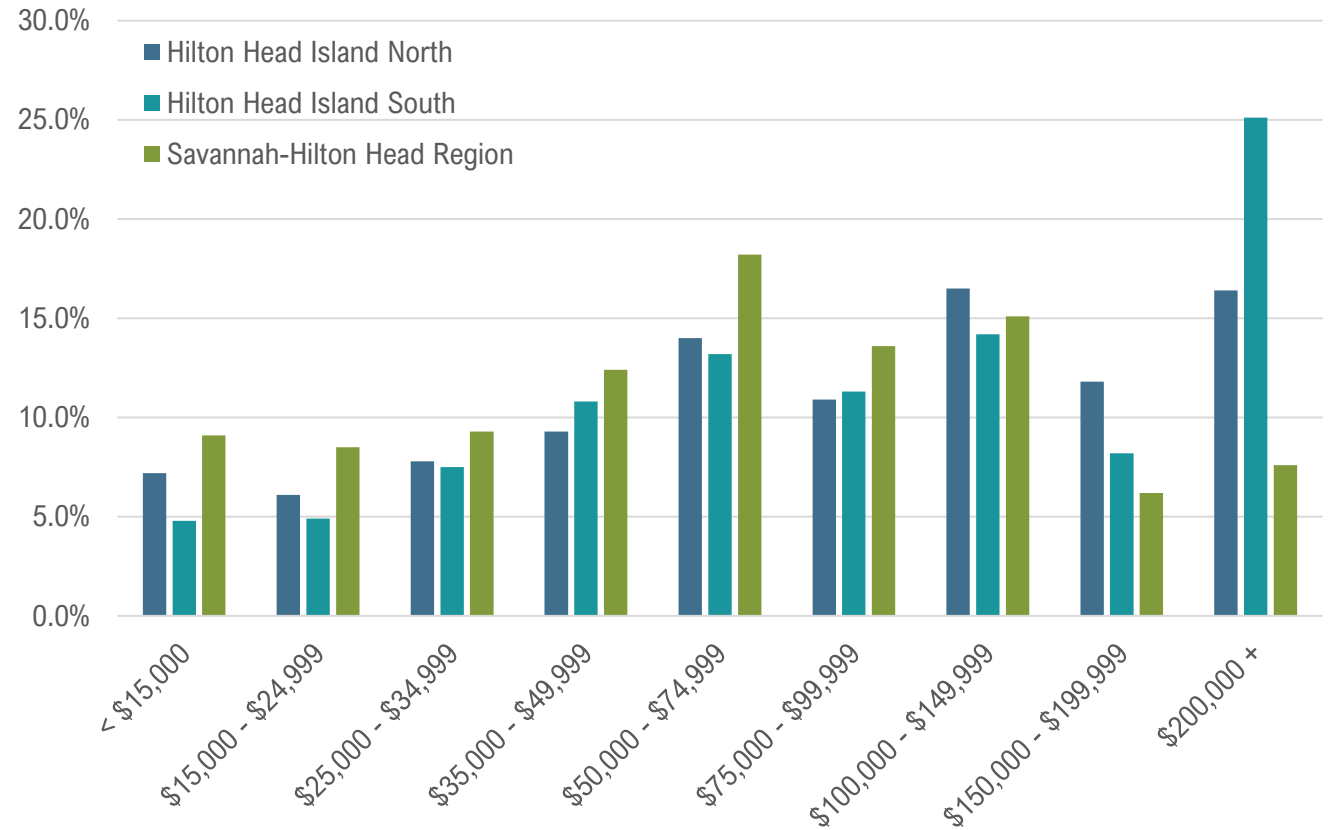


INCOME COMPARISONS

MEDIAN HOUSEHOLD INCOME, 2020



HOUSEHOLD SHARES BY INCOME COHORT, 2020



Source: ESRI -Business Analyst

How Does Area Median Income Affect Housing Options?

Household Size	Gross Income at 80% AMI	Rent at 30% (including utilities)	30-year Mortgage 5%, no down payment
1	\$43,400	\$1,116	\$140,000
2	\$49,600	\$1,240	\$160,000
3	\$55,800	\$1,395	\$170,000
4	\$62,000	\$1,550	\$210,000
5	\$67,000	\$1,695	\$220,000

Household Size	Gross Income at 100% AMI	Rent at 30% (including utilities)	30-year Mortgage 5%, no down payment
1	\$54,300	\$1,389	\$185,000
2	\$62,000	\$1,550	\$215,000
3	\$69,800	\$1,745	\$240,000
4	\$76,000	\$1,900	\$270,000
5	\$83,700	\$2,093	\$290,000

Source: 2021 data from the Beaufort Housing Authority

How Does Area Median Income Affect Housing Options?

Household Size	Gross Income at 120% AMI	Rent at 30% (including utilities)	30-year Mortgage 5%, no down payment
1	\$65,160	\$1,660	\$230,000
2	\$74,400	\$1,860	\$265,000
3	\$83,760	\$2,094	\$300,000
4	\$91,200	\$2,280	\$335,000
5	\$100,440	\$2,511	\$360,000

Household Size	Gross Income at 150% AMI	Rent at 30% (including utilities)	30-year Mortgage 5%, no down payment
1	\$81,450	\$2,067	\$300,000
2	\$93,000	\$2,325	\$345,000
3	\$104,700	\$2,618	\$390,000
4	\$114,000	\$2,850	\$400,000
5	\$125,550	\$3,139	\$470,000

Source: 2021 data from the Beaufort Housing Authority

HOME VALUE INDEX – HHI ZIP CODES

THE ZILLOW HOME VALUE INDEX FOR ZIP CODE - 29926

❑ **\$619,179**

The typical home value of homes in zip code 29926 is \$619,179. This value is seasonally adjusted and only includes the middle price tier of homes. 29926 home values have gone up 32.5% over the past year and Zillow predicts they will rise 19.9% in the next year.

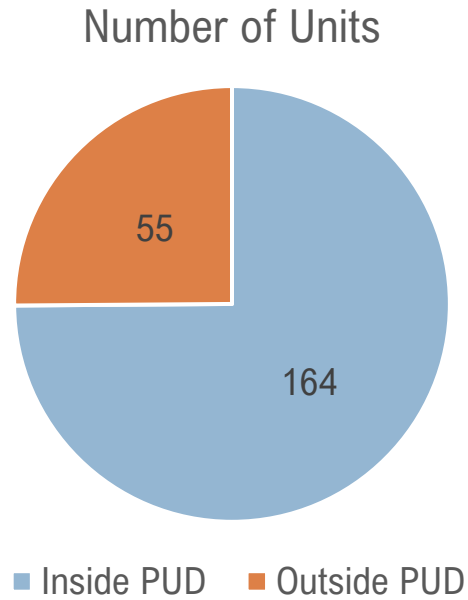
THE ZILLOW HOME VALUE INDEX FOR ZIP CODE - 29928

❑ **\$689,982**

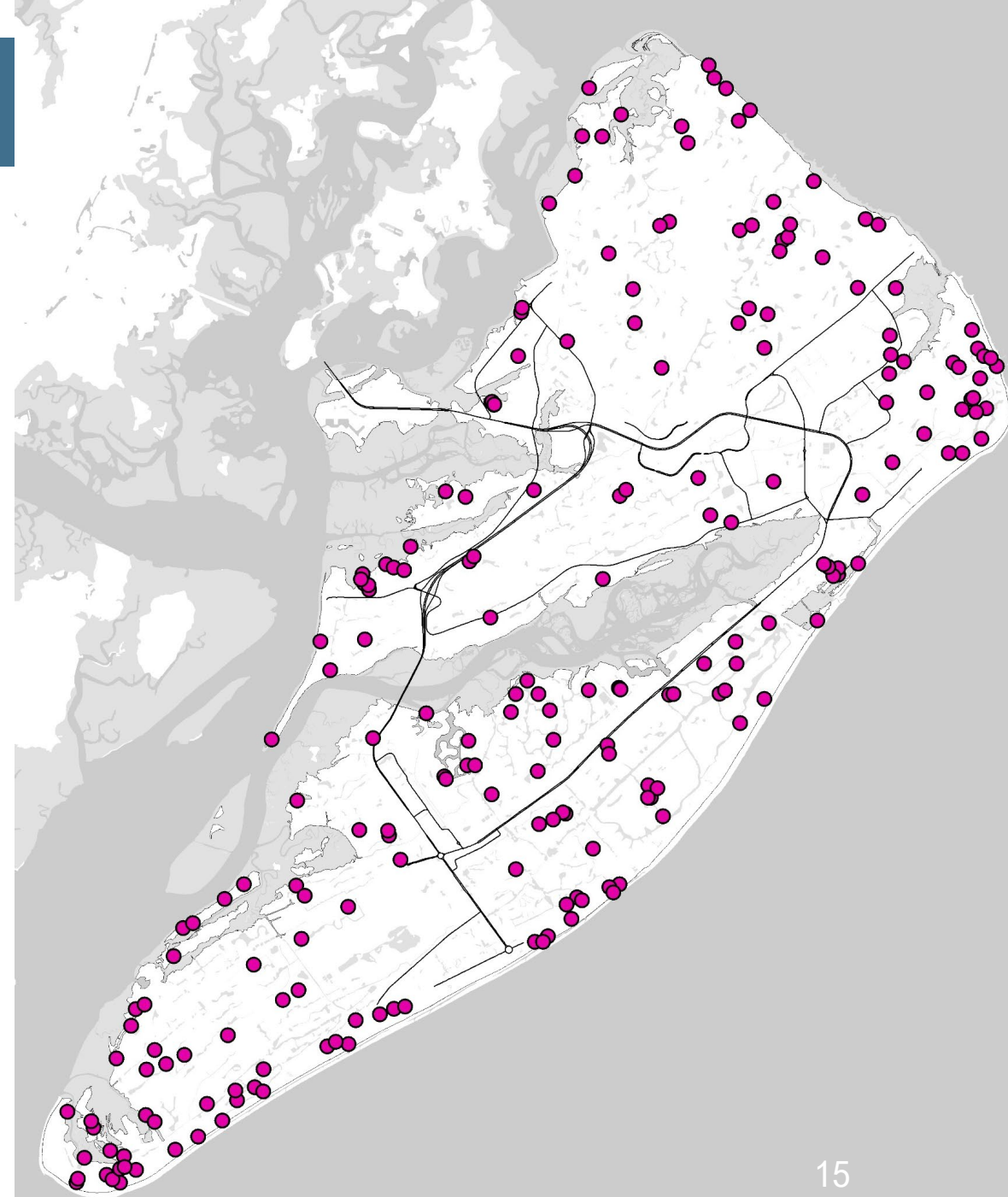
The typical home value of homes in zip code 29928 is \$689,982. This value is seasonally adjusted and only includes the middle price tier of homes. 29928 home values have gone up 36.8% over the past year and Zillow predicts they will rise 21.5% in the next year.

HOUSING CONSIDERATIONS

RESIDENTIAL BUILDING PERMITS, 2021



In 2021, there were 219 permits pulled to construct new residential units on the Island. A further analysis was prepared for permits pulled within the Planned Unit Development (PUD) neighborhoods, which captured approximately 75% of the total. The PUD permits were pulled for pre-platted, entitled lots, versus the 25% that represent newly platted projects or infill opportunities.



COMMUTING TRENDS

- ❑ As of 2018, more than 13,600 people commuted onto Hilton Head Island for employment, more than twice the number of employed residents that traveled off (4,917)
- ❑ Nearly 8,000 employed residents live and work on the Island
- ❑ The most common locations of work for employed Hilton Head Island residents are:
 - Hilton Head Island (58.6%)
 - Bluffton (4.0%)
 - Burton CDP (3.2%)
 - Savannah (2.0%)
 - North Charleston (1.6%)
- ❑ With a high percentage of employed residents living and working on the Island nearly two-thirds have commutes of less than ten miles



A row of modern, multi-story houses on Hilton Head Island. The houses are built with a mix of dark blue, light grey, and yellow siding. They feature white railings on the balconies and porches. In the foreground, a blue house with white trim is prominent. To the right, a paved road curves through the neighborhood, with a dark car parked on the side. The sky is clear and blue, and there are several trees and shrubs scattered throughout the scene.

Workforce & Affordable Housing Options on Hilton Head Island

Habitat for Humanity Partnership

The Town of Hilton Head Island donated over 14 acres to Hilton Head Habitat for Humanity in 2011 in exchange for construction of infrastructure to serve their units.

The Glen

Two-phase single-family subdivision project located on Alex Patterson Road off Marshland Road.

- ❑ **Phase 1:** 16 units
 - Completed
- ❑ **Phase 2:** 16 units
 - Currently under construction
 - 10 units completed





Other Workforce & Affordable Housing Options

- ❑ 90 Dillon – 48 units, LIHTC
- ❑ Cedar Wells – 24 units, Section 515
- ❑ Sylby Tub – 18 units, Section 515
- ❑ Sandalwood Terrace – 145 units, BHA
- ❑ Hilton Head Gardens – 112 units, HUD
- ❑ 55 Gardner – 13 units, 120% AMI
- ❑ Palmetto Bay Lodges – 16 units, Sea Pines
- ❑ 7 Lagoon – 8 units, Micro-Efficiencies



Hilton Head Gardens

- ❑ VITUS Development purchased Hilton Head Gardens in July of 2021 for \$14,350,000
- ❑ Beaufort Housing Authority assisted with financing by issuing Tax Exempt Multifamily Bonds, which was support by Town Council
- ❑ New owner intend to rehabilitate the 112-unit property costing approximately \$50k per unit
- ❑ Starting in March, the rehabilitation will include:
 - Added site accessibility
 - Repairs to sidewalks and steps
 - Jetting sewer lines
 - Building exterior upgrades including paint and replacement of siding, shingles, and gutters as needed
 - Building interior upgrades include installing new energy star appliance package, hardwired fire/smoke detectors, repairs to flooring and interior doors, and paint





Town Council Policy Actions & Outcomes

Current Workforce & Affordable Housing Initiatives



Commercial Conversion & Density
Bonus Incentives



American Rescue Plan Funds –
Program Development



Regional Housing Trust Fund
Assessment



Assessment of Town-Owned
Property for Housing Use

Workforce Housing Incentives



- ❑ **Commercial Conversion** - Conversion of existing non-residential square footage to residential units
- ❑ **Density Bonus** - Additional density provided in exchange for Workforce Housing units


Workforce Housing Promotion Packet



Town staff executed a communication plan including:

- Information packets emailed to commercial realtors
- Information posted on Town's Workforce Housing webpage
- Social media posts on Linked In
- Many calls and emails from property owners and developers

No projects have resulted from these incentives yet.



Town of Hilton Head Island
Community Development Department
One Town Center Court
Hilton Head Island, SC 29928
Phone: 843-341-4757 Fax: 843-842-8908
www.hiltonheadislandsc.gov

FOR OFFICIAL USE ONLY

Date Received: _____

Accepted by: _____

App # WorkForce: _____

Applicant/Agent Name: _____ Company: _____
 Mailing Address: _____ City: _____ State: _____ Zip: _____
 Telephone: _____ Fax: _____ E-mail: _____
 Project Name: _____ Project Address: _____
 Parcel Number [PIN]: R _____
 Zoning District: _____ Overlay District(s): _____

WORKFORCE HOUSING SUBMITTAL REQUIREMENTS

Check the option being utilized for the Workforce Housing request:

1. Commercial Conversion. The conversion of non-residential square footage to residential or mixed-use development.

2. Bonus Density. The increase in the number of units on the site in order to provide an incentive for the construction of workforce housing.

The following items must be attached in order for this application to be complete:

Owners Consent Form

A written narrative describing the scope of the project and how the requirements for the Workforce Housing Program in LMO Section 16-4-105 are being addressed

Workforce Housing Agreement per LMO Section 16-4-105.B

Restrictive Covenants per LMO Section 16-4-105.B

A site plan for the proposed development (Associated DPR or SUB plans).

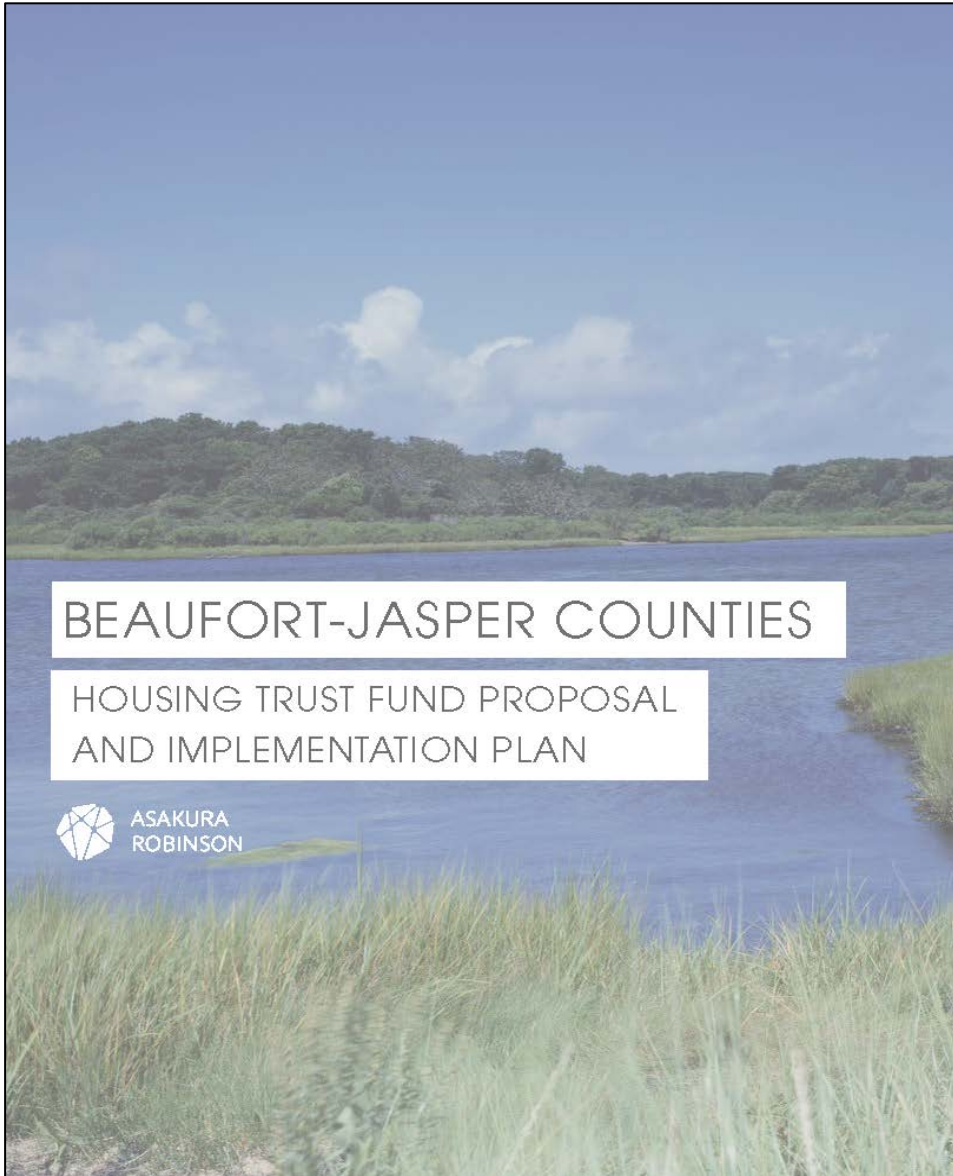
If no site improvements are required, submit a set of plans showing the proposed interior building layout

Note: Further documentation may be required upon review of the application.

(Continued on Back)

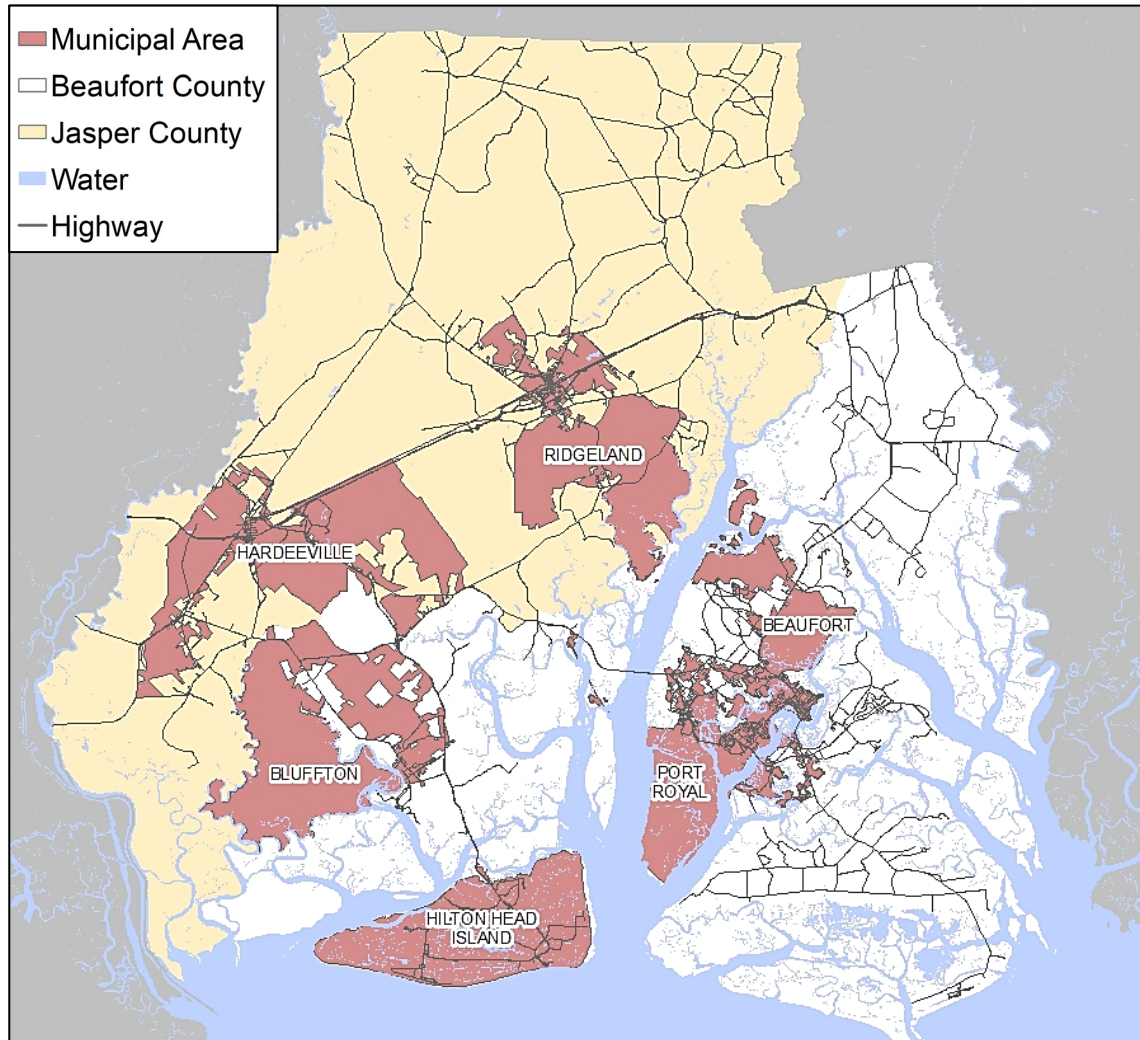
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Regional Housing Trust Fund Assessment



- ❑ In September of 2019, Town Council approved entering into a Memorandum of Agreement with Beaufort County to participate in cost sharing for a Contract for Consulting Services to develop a Regional Housing Trust Fund
 - Town Council approved up to \$25k toward this effort
- ❑ In December 2020, Beaufort County executed a contract for a Regional Housing Trust Fund proposal and implementation plan at a total cost of \$120,968
 - Town portion of this cost was \$24,193.60
- ❑ In October 2021, Eric Greenway, County Administrator, presented the final plan to Town Council
- ❑ The Regional Housing Trust Fund Proposal and Implementation Plan contains information on revenue sources, the use of funds, fund governance and partnerships, and project criteria

Regional Housing Trust Fund Assessment



- County proposes to use Community Works to administer the trust fund
- County will present Town with documents to request participation in the trust fund, to hire Community Works, and to allocate funds
- Town Council to consider options and decide on participation and terms
- Trust Fund could be used to fill gaps in financing as well as develop a strategy for land acquisition
- County is proposing a potential distribution from \$250k up to \$500k of County American Rescue Plan funds and allowing these funds to be used toward initial contributions to the trust fund
- Staff will advance regional initiative to Town Council in the coming months

Regional & Local Housing Trust Fund Comparison

REGIONAL	LOCAL
Local dollars pooled for region to address regional housing needs	Local dollars address local housing needs
Priority based on direction of Board	Priority given to workers on Island
Dedicated source of funding needed	Dedicated source of funding needed
Increased partnerships to coordinate & leverage funding sources	Local funding and leverage
Efforts represent large area	Possibly duplication of efforts
Program Manager controls	Local control
Higher resource gap on Island, less likelihood of local projects	Increased likelihood of local projects

American Rescue Plan Funds



On August 19, 2021, Town Council approved the allocation of over \$5.2 million in American Rescue Plan Funds to address negative impacts caused by the public health emergency, invest in water, sewer, and broadband infrastructure, and target funding as follows:

- ❑ \$1,000,000 – Community Foundation of the Lowcountry Pandemic Impact Grants with \$500,000 in FY22 and \$500,000 in FY23
- ❑ \$1,000,000 – Town Hall Security and Technology Improvements with \$1,000,000 in FY22 and \$0.00 in FY23
- ❑ \$1,000,000 – Housing Development/Infrastructure with \$500,000 in FY22 and \$500,000 in FY23
- ❑ \$400,000 – Home Repair – Structural Safety/Removal of Unsafe and Uninhabited Structures Program with \$200,000 in FY22 and \$200,000 in FY23
- ❑ \$200,000 – Lateral Sanitary Sewer Connection Grants with \$100,000 in FY22 and \$100,000 in FY23
- ❑ \$1,627,178 – Public Infrastructure with \$300,000 in FY22 and \$1,327,178 in FY23

Total = \$5,227,178

Assessment of Town-Owned Properties

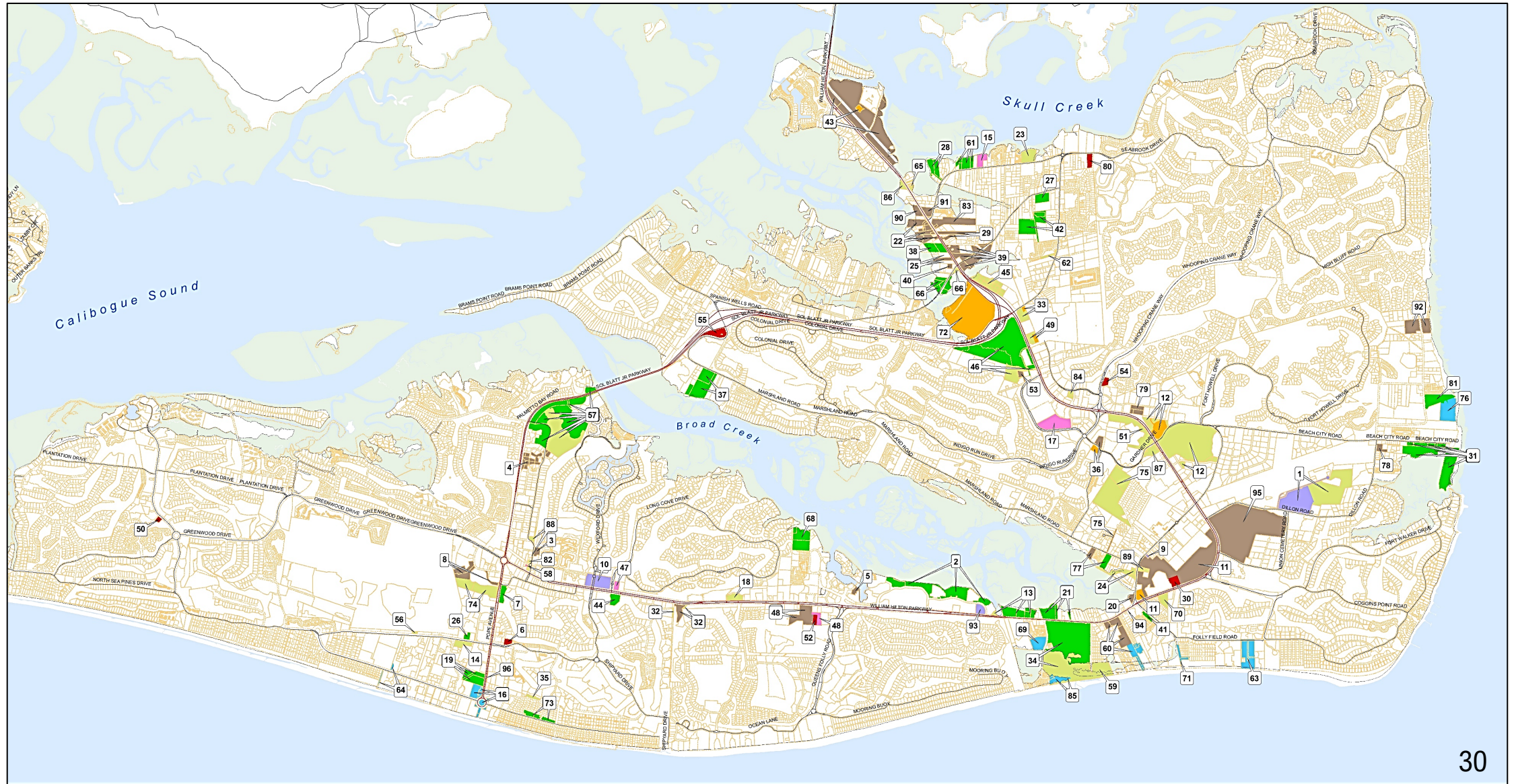
Evaluated Town-owned properties for possible development of housing

- Eliminated vacant, undeveloped properties bought with Real Estate Transfer Fee due to legal review and restrictions on this funding source
- Eliminated properties already developed for permanent use
- Eliminated properties based on legal review of funding sources and other restrictions

Land Acquisition Funding Sources

- Beach Preservation Fee
- Bond (1997, 1998, 2000, 2003, 2008)
- Real Estate Transfer Fee
- Hospitality Tax
- Tax Increment Financing
- CIP Funds
- Stormwater Utility
- Tax Revenue/General Fund
- Exchange Agreement
- Joint Ownership
- Donation
- Grant

Town-Owned Property Map



Indigo Run Hotel Tract

Indigo Run Hotel Tract	
Zoning	PR, Parks & Recreation
Acreage	17.945 acres
Purchase Funding	1997 Bond Referendum – repaid with Real Estate Transfer Fee, 2000 Bond Referendum



Legend

 INDIGO RUN HOTEL TRACT

TOWN-OWNED PROPERTY

 PARK

Leg O' Mutton (Concrete Plant)

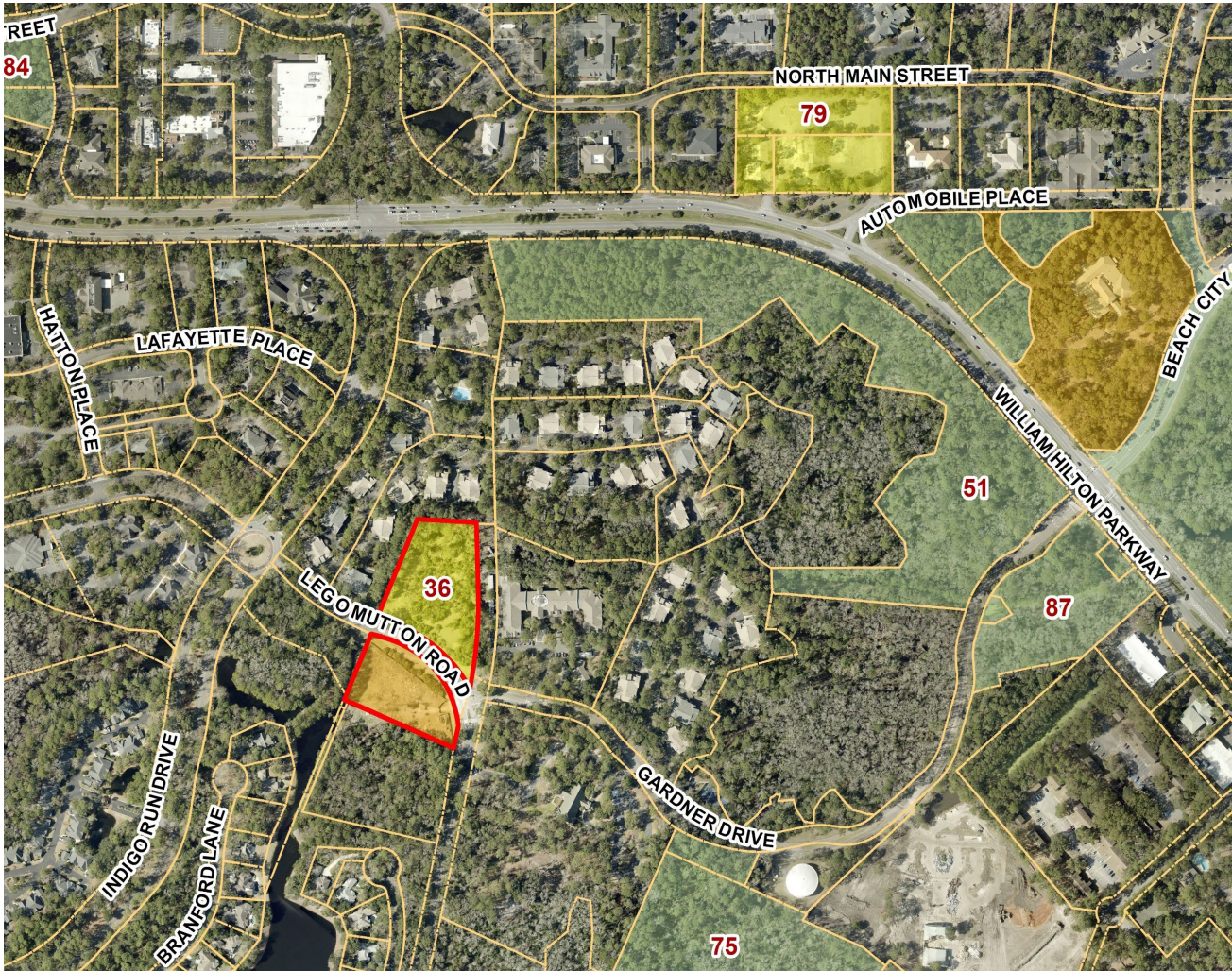
Leg O' Mutton (Concrete Plant)	
Zoning	PD-1, Planned Unit Development
Acreage	4.845 acres
Purchase Funding	2003 Bond Referendum

Legend

- LEG O'MUTTON (Concrete Plant)

TOWN-OWNED PROPERTY







- OPEN SPACE
- LEASED
- PARK
- TO BE DETERMINED



Patterson Estate

Patterson Estate	
Zoning	PR, Parks & Recreation
Acreage	6.039 acres
Purchase Funding	2000 Bond Referendum, Real Estate Transfer Fee

Legend





-  PATTERSON ESTATE
- TOWN-OWNED PROPERTY**
-  OPEN SPACE
-  LEASED
-  PARK
-  TO BE DETERMINED
-  GOVERNMENT FACILITIES

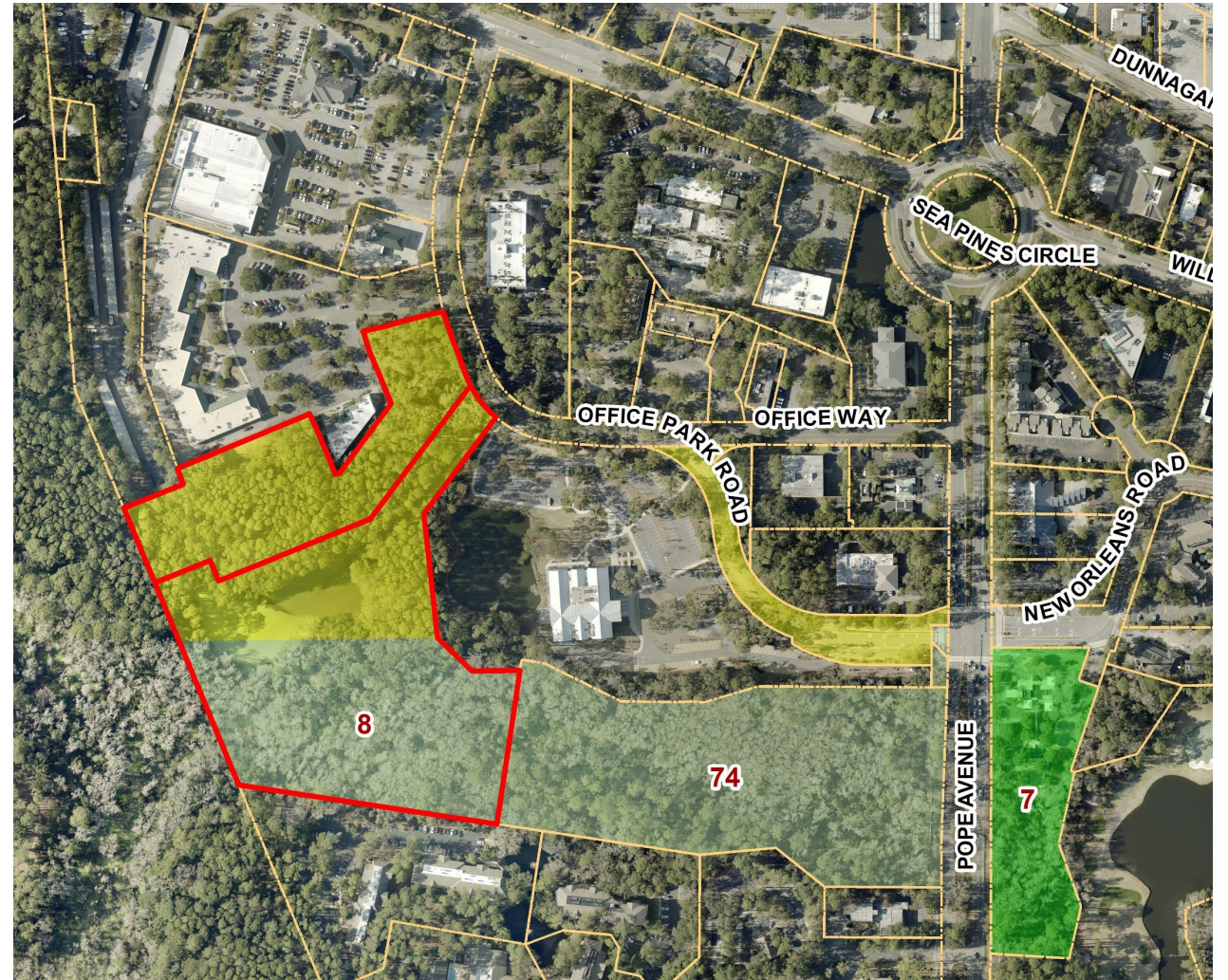


Office Park Road Tract

Office Park Road Tract	
Zoning	PR, Parks & Recreation
Acreage	14.827 acres
Purchase Funding	Real Estate Transfer Fee

Legend





-  OFFICE PARK ROAD TRACT
- TOWN-OWNED PROPERTY**
-  OPEN SPACE
-  PARK
-  TO BE DETERMINED

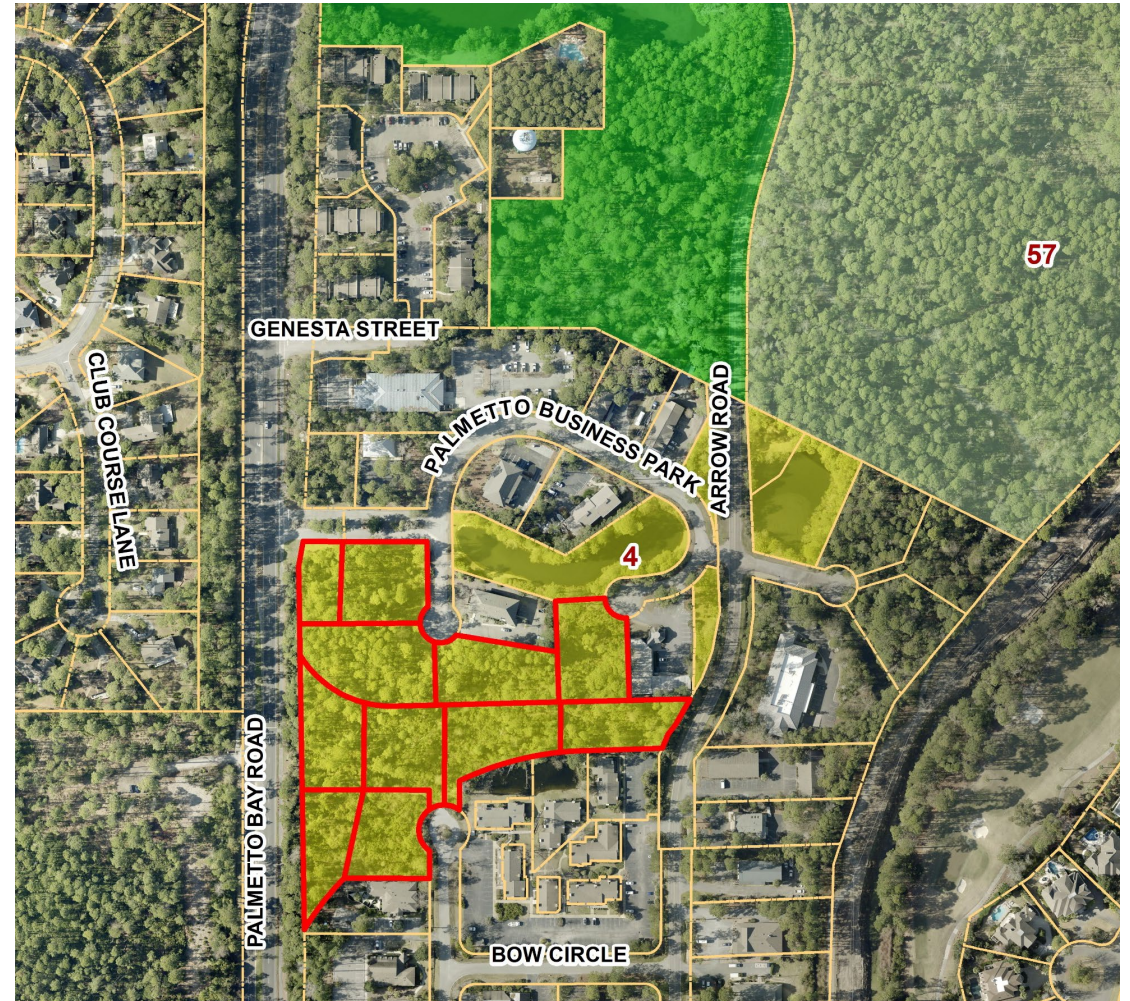


Palmetto Bay Road Tract

Palmetto Bay Road Tract	
Zoning	LC, Light Commercial
Acreage	6.4 acres
Purchase Funding	Real Estate Transfer Fee, Tax Revenue

Legend

-  PALMETTO BAY ROAD TRACT
- TOWN-OWNED PROPERTY**
-  OPEN SPACE
-  PARK
-  TO BE DETERMINED

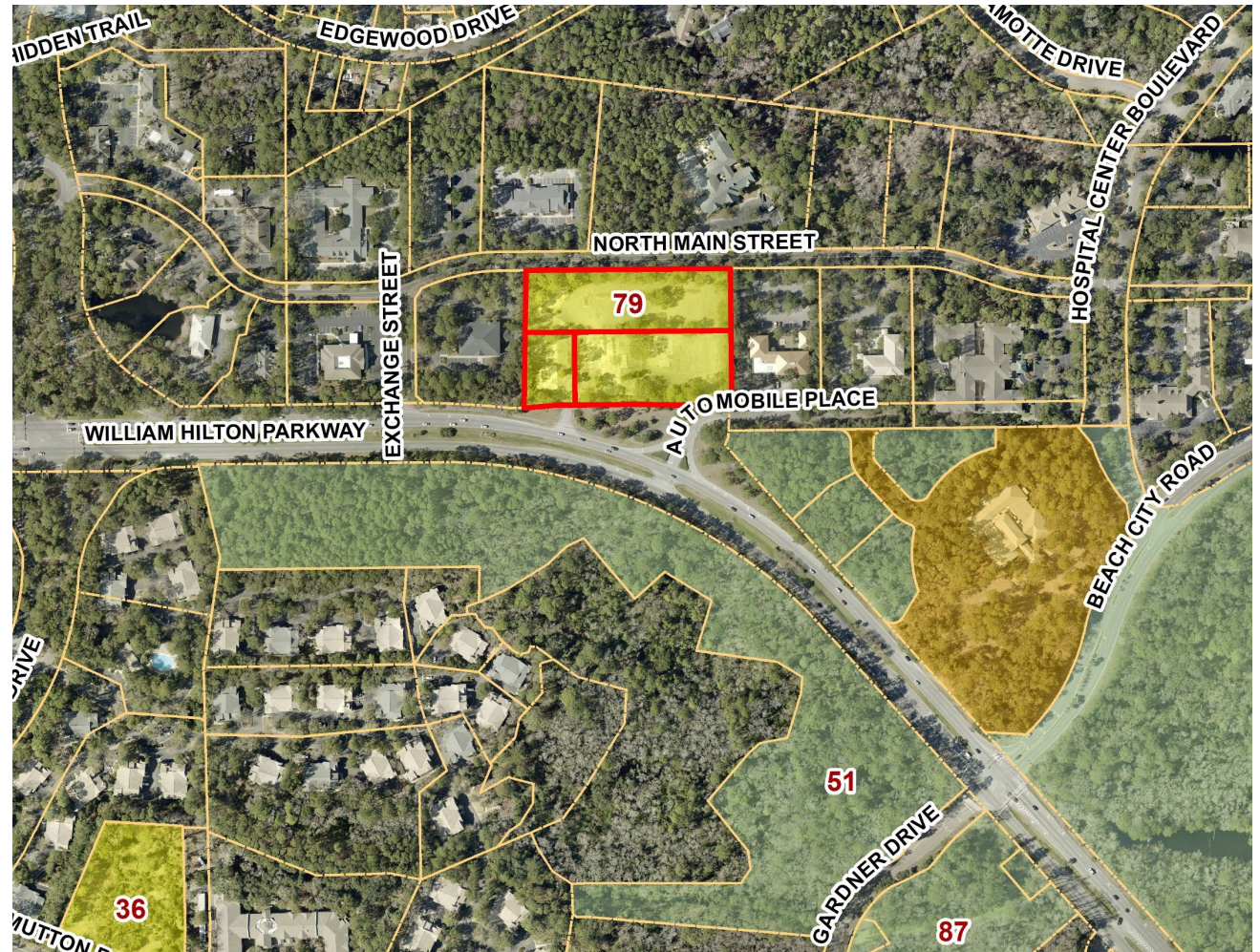


Modern Classic Motors

Modern Classic Motors	
Zoning	MS, Main Street
Acreage	4.57 acres
Purchase Funding	Tax Revenue

Legend

- MODERN CLASSIC MOTORS
- TOWN-OWNED PROPERTY**
- OPEN SPACE
- LEASED
- TO BE DETERMINED



Mid-Island Tract

Mid-Island Tract	
Zoning	PD-1, Planned Unit Development
Acreage	102.73 acres
Purchase Funding	2008 Bond Referendum

Legend

- MID-ISLAND TRACT
- TOWN-OWNED PROPERTY**
- OPEN SPACE
- TO BE DETERMINED
- GOVERNMENT FACILITIES

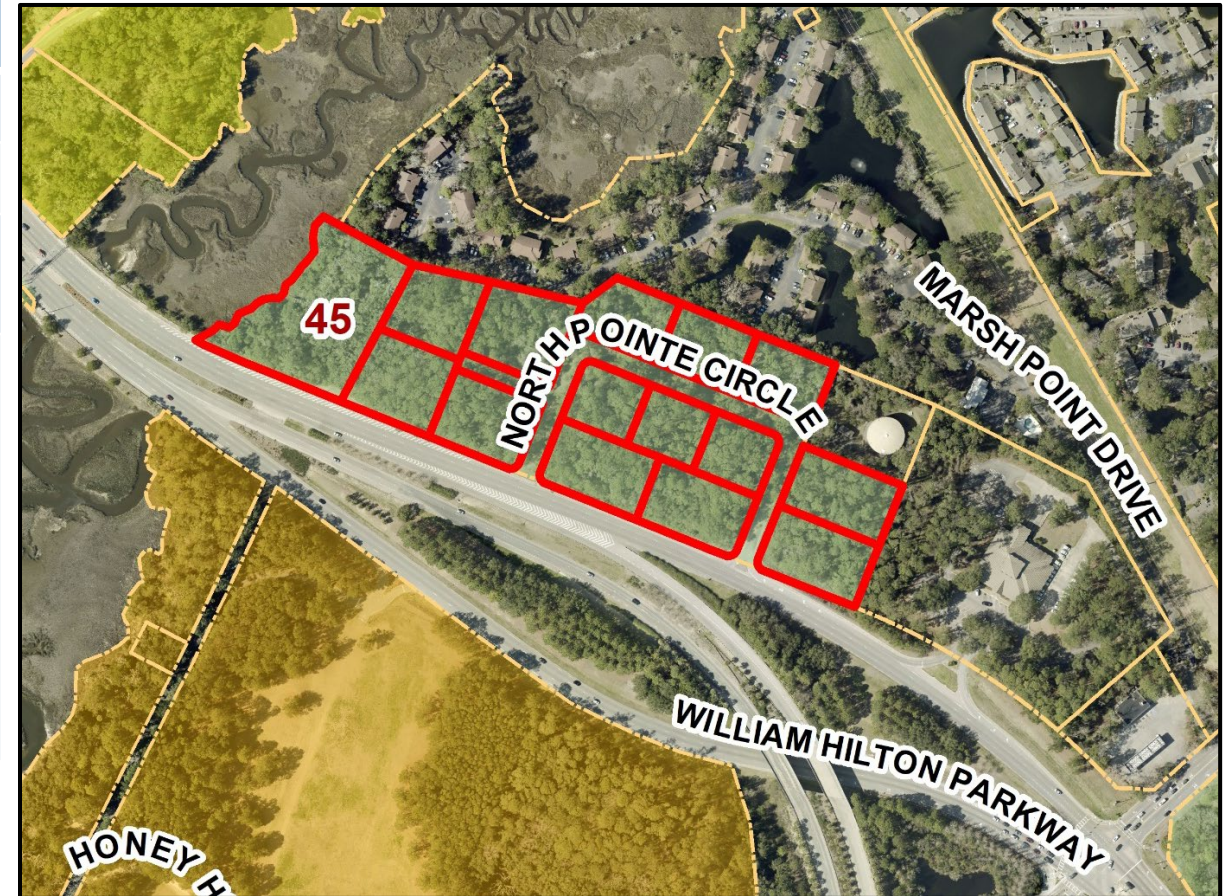


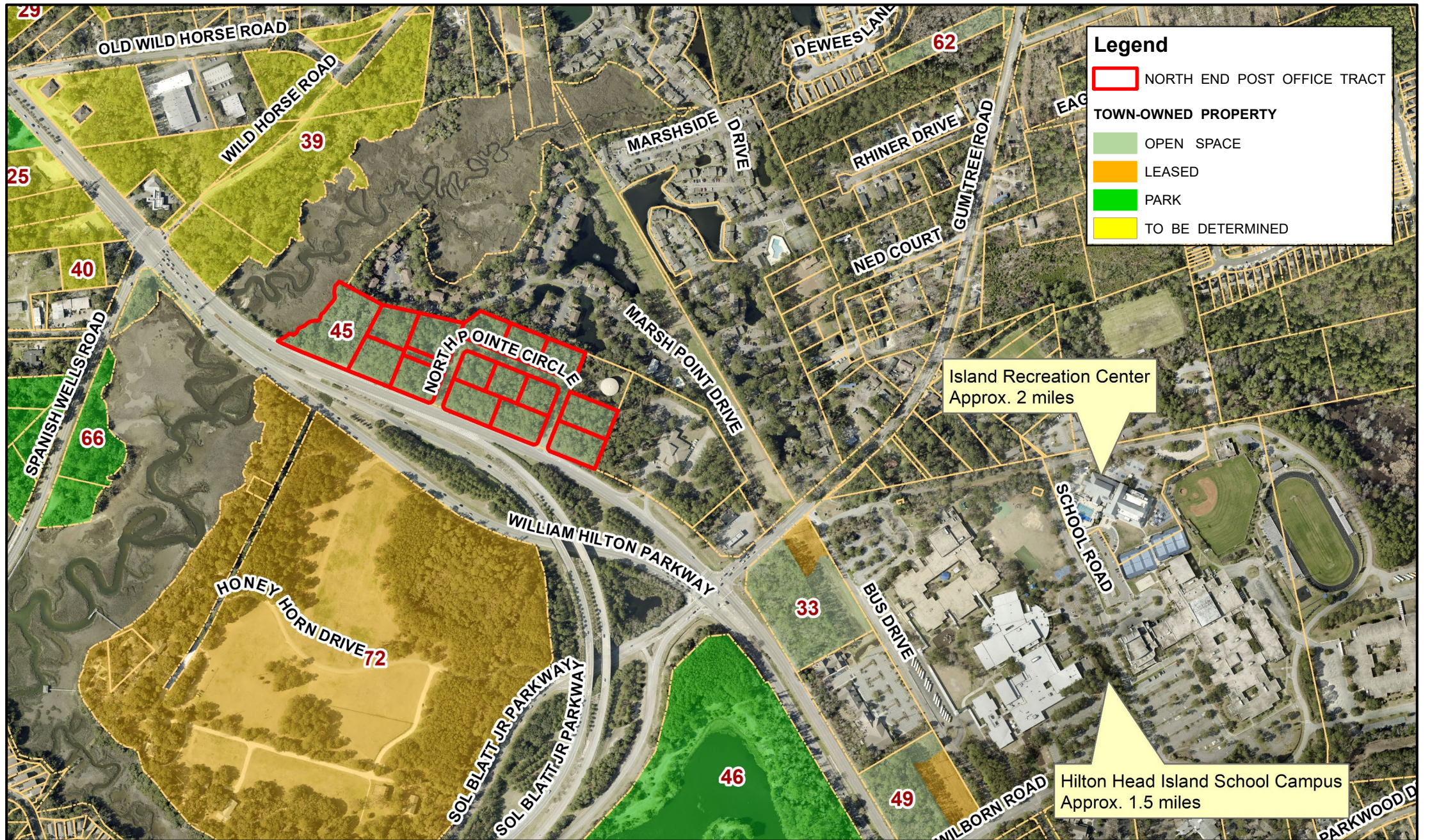
North End Post Office Tract

North End Post Office Tract	
Zoning	PR, Parks & Recreation
Acreage	11.45 acres
Purchase Funding	CIP Funds, Real Estate Transfer Fee
Workforce/ Affordable Housing	<ul style="list-style-type: none"> ➤ Property in proximity to schools, services & transportation ➤ Property already contains partial infrastructure ➤ Property adjacent to tidal marsh but no wetlands on-site ➤ Property located in Flood Zone X ➤ Property can be rezoned for residential use

Legend

- NORTH END POST OFFICE TRACT
- TOWN-OWNED PROPERTY**
- OPEN SPACE
- LEASED
- PARK
- TO BE DETERMINED







Housing Program Proposal

Proposed Home Safety & Repair Program

- ❑ Program to be presented to Finance & Administrative Committee in March 2022
- ❑ Available to households earning up to 60% AMI
- ❑ Program elements:
 - Home Repair – Safe & Dry
 - Abatement or Demolition of Uninhabited or Unsafe Structures
 - Hazard Tree Trimming or Removal



Proposed Sewer Connection Program

- ❑ Program to be presented to Finance & Administrative Committee in March 2022
- ❑ Available to households earning up to 100% AMI
- ❑ Priority to applicants who receive partial grants or are denied for Project SAFE
- ❑ Town to cover costs of sewer connection and capacity fees



Proposed Housing Public Private Partnership (PPP)

- ❑ Increase the affordable housing supply on the Island by partnering on development of workforce & affordable housing
- ❑ Looking for partner with expertise in the financing and development of housing

*Source: Urban Land Institute
“Successful Public/Private Partnerships
from Principles to Practices”, 2016*



Elements of a Successful PPP



Source: Urban Land Institute
“Successful Public/Private Partnerships
from Principles to Practices”, 2016

PPP Preliminary Term Sheet

TOWN RESPONSIBILITY	PARTNER RESPONSIBILITY
Land contribution	Demonstrated development experience and financial capability to complete project in a cost-effective manner
Permit & install public infrastructure up to \$1 million (including but not limited to road, water, sewer, drainage, and broadband)	Experienced development team including architects, engineers, and contractors to lead and manage the development process
Zoning entitlements	Ability to carry out activities to plan, permit, finance, and implement the development
Financial contribution toward planning, engineering, & architectural design	Produce a new development that is operationally sustainable
Expedited development plan review & permitting	Down payment assistance program for qualified buyers
Reduce or eliminate applicable Town fees	High-quality homebuyer education and counseling

PPP Elements to Consider

- ❑ Assemble Municipal Team
 - Town Council
 - Municipal Staff
 - Consultants – Financial Advisor, Architect, Bond Counsel
 - Community Members – Stakeholders, Community Leaders, etc.

- ❑ Assemble Development Team

- ❑ Considerations
 - For Rent vs. For Sale
 - Product Type & Style
 - AMI Range
 - Land Valuation
 - Site Planning
 - PPP Terms
 - Density



Hilton Head Island Housing Vision Board

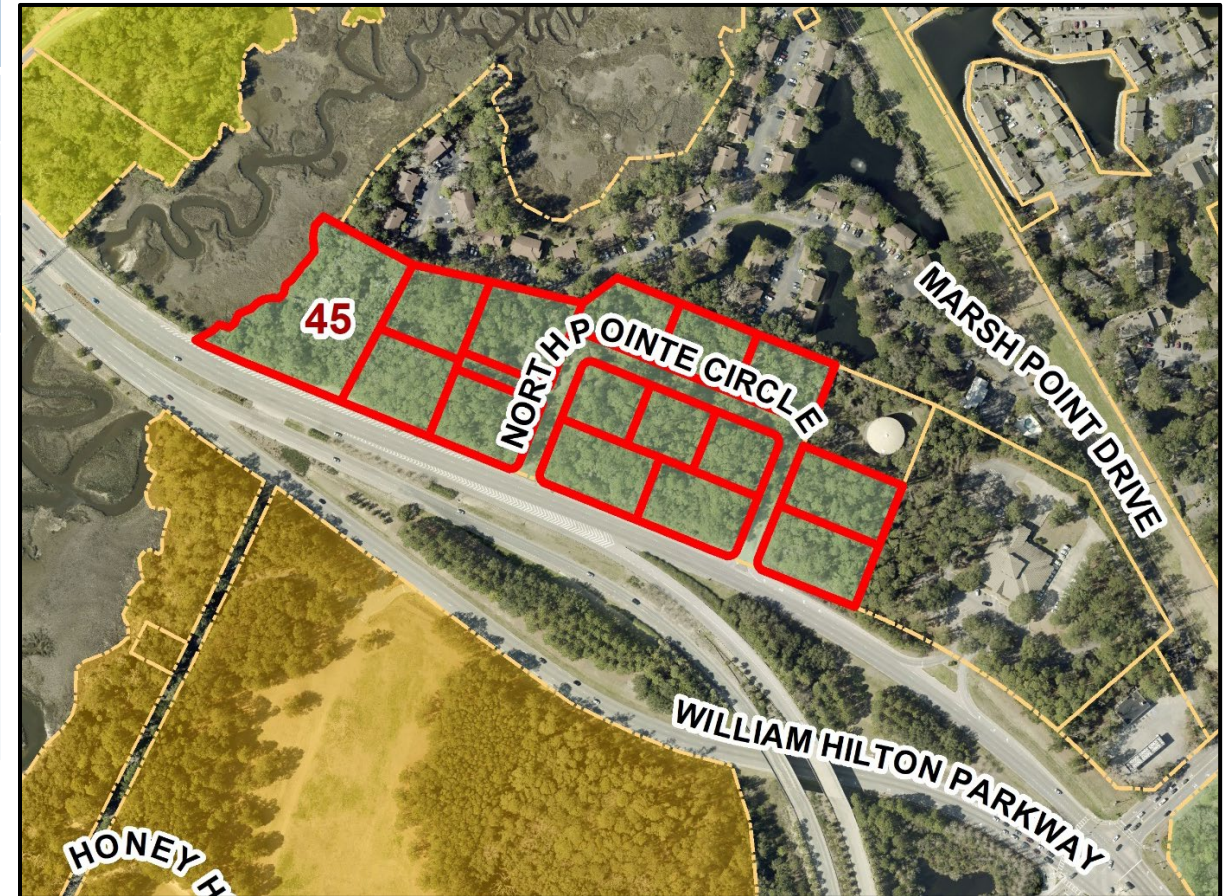
Sustainable Community Design

- Energy Efficient Design/Construction
- Edible Garden Element
- Pervious Materials
- Water Neutral Site Features
- Native Landscaping
- Proximity to Schools, Services, & Transportation



North End Post Office Tract

North End Post Office Tract	
Zoning	PR, Parks & Recreation
Acreage	11.45 acres
Purchase Funding	CIP Funds, Real Estate Transfer Fee
Workforce/ Affordable Housing	<ul style="list-style-type: none"> ➤ Property in proximity to schools, services & transportation ➤ Property already contains partial infrastructure ➤ Property adjacent to tidal marsh but no wetlands on-site ➤ Property located in Flood Zone X ➤ Property can be rezoned for residential use



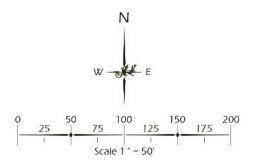
Legend	
	NORTH END POST OFFICE TRACT
TOWN-OWNED PROPERTY	
	OPEN SPACE
	LEASED
	PARK
	TO BE DETERMINED

LEGEND

- ① DRY DETENTION
- ② STORMWATER POND
- ③ POCKET PARK
- ④ FRONT-LOADED TOWNHOME
- 25' X 60' FOOTPRINT
- 2 STORY
- ⑤ REAR-LOADED TOWNHOME
- 20' X 65' FOOTPRINT
- 2 STORY
- ONE CAR GARAGE
- ⑥ ENTRY, ENHANCE LANDSCAPE
- ⑦ ON-STREET PARKING, TYP.
- ⑧ EXISTING CURB-CUTS

DEVELOPMENT SUMMARY:

PARCEL M: 12.62 AC
 79 DU PROVIDED = 6.3 DU / ACRE
 STORMWATER AREAS: +/- 1.2 ACRE



POST OFFICE TRACT
 TOWN OF HILTON HEAD
 HILTON HEAD ISLAND, SOUTH CAROLINA

LEGEND

- ① CLUBHOUSE
- ② STORMWATER POND
- ③ POCKET PARK
- ④ MULTI-FAMILY BUILDING
- 60' X 150-180' FOOTPRINT
- 2 STORY
- 8 DU PER FLOOR
- ⑤ MULTI-FAMILY BUILDING
- 60' X 120' FOOTPRINT
- 2 STORY
- 6 DU PER FLOOR
- ⑥ MULTI-FAMILY BUILDING
- 60' X 140' FOOTPRINT
- 2 STORY
- 7 DU PER FLOOR
- ⑦ ENTRY, ENHANCE LANDSCAPE
- ⑧ ON-STREET PARKING, TYP.
- ⑨ EXISTING CURB-CUTS

DEVELOPMENT SUMMARY:

PARCEL M: 12.62 AC
 136 DU PROVIDED = 10.8 DU / ACRE
 STORMWATER AREAS: +/- 1.2 ACRE



POST OFFICE TRACT

TOWN OF HILTON HEAD
 HILTON HEAD ISLAND, SOUTH CAROLINA



Proposed Next Steps



Proposed Next Steps

- ❑ Proceed with Home Safety and Repair Program as outlined to F&A Committee on March agenda
- ❑ Proceed with Sewer Connection Program as outlined to F&A Committee on March agenda
- ❑ Proceed with Housing PPP on North End Post Office Tract
 - Allocate \$1 million in American Rescue Plan funds for housing infrastructure
 - Release RFQ no later than March 31, 2022
 - Establish Ad Hoc Housing Committee to assess and advise on PPP framework for Town Council consideration
- ❑ Explore Hilton Head Island Development Corporation to advance PPP opportunities on Town property
- ❑ Explore Town-owned and privately owned properties to advance housing options/opportunities

Town of Hilton Head Island

Housing Workshop

Town Council Workshop
February 22, 2022

