



Town of Hilton Head Island
Housing Action Committee Meeting
Tuesday August 22, 2023 – 10:00 a.m.
AGENDA

The Housing Action Committee meeting will be held in person at Town Hall in the Benjamin M. Racusin Council Chambers.

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. Appearance by Citizens

Citizens may submit written comments via the [Town's Open Town Hall Portal](#). The portal will close at 4:30 p.m., the day before the meeting. Comments submitted through the portal will be provided to the Housing Action Committee and made part of the official record.

4. New Business

- a. Introductions of Committee Members, Town Staff and Town Consultant
- b. Workforce Housing Introduction and Past Approved Plan Overview
- c. Overview of Current Tools and Programs
- d. Purpose of Housing Action Committee and Roles and Responsibilities
- e. Initial Priorities
- f. Proposed Meeting Schedule

5. Adjournment

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

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA**A RESOLUTION OF THE TOWN COUNCIL AUTHORIZING THE CREATION OF THE HOUSING ACTION COMMITTEE FOR THE TOWN OF HILTON HEAD ISLAND**

WHEREAS, on November 5, 2019, Town Council accepted the Workforce Housing Strategic Plan prepared by Lisa Sturtevant & Associates, LLC and approved a policy framework for a workforce housing program on the Island; and

WHEREAS, on October 20, 2020, Town Council adopted Our Plan 2020-2040, the Town of Hilton Head Island Comprehensive Plan, which includes Housing Goals, Strategies, and Tactics; and

WHEREAS, on December 7, 2021, Town Council adopted the Town of Hilton Head Island Fiscal Year 2021-2022 Strategic Plan, which included strategic action items on housing initiatives; and

WHEREAS, on February 22, 2022, Town Council discussed an update on current housing initiatives and proposed next steps, which resulted in the advancement of initiatives related to sewer connections, home safety and repair, advancement of an RFQ for a workforce housing public-private partnership on town-owned property, formation of a development corporation and participation in a regional housing trust fund; and

WHEREAS, Town Council directed Council Members David Ames and Tom Lennox to work with the Town Manager, Marc Orlando, and his staff to prepare a formal Workforce Housing Framework that would be brought before Town Council for consideration no later than November 1, 2022; and

WHEREAS, the Workforce Housing Framework was adopted by Town Council on November 1, 2022 and represented a cumulation of input from the public and Town Council; and

WHEREAS, four pillars were identified as structural to the foundation of the Workforce Housing Framework that consisted of Community, Planning, Management, and Revenue; and

WHEREAS, the adopted Workforce Housing Framework outlines several critical first steps within each pillar which would support the Town's goal to increase access and opportunities for the preservation and production of workforce housing to meet the growing needs for Town residents and workforce; and

WHEREAS, the Community pillar outlined a recommendation that the Town "engage, collaborate, and inform the community on housing challenges, and to identify community-led housing programs and solutions"; and

WHEREAS, one of the key strategies recommended under the Community pillar of the

Workforce Housing Framework was to create and commit to a Housing Action Committee;

NOW, THEREFORE, BE IT, AND HEREBY IT IS, RESOLVED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA AS FOLLOWS:

- (1) The Town of Hilton Head Island hereby adopts the formation of a Housing Action Committee with the sole purpose to advise and recommend to the Town various workforce housing strategies for their consideration, adoption, and implementation.
- (2) The Housing Action Committee is hereby created, and its membership shall consist of no less than seven (7) and no more than eleven (11) appointed community representatives with varying backgrounds and expertise related to housing and community development. Members shall represent to the extent feasible, the following areas of expertise and background: general home building, banking/finance, affordable workforce housing developer (for-profit), affordable workforce housing developer (non-profit), community representative (concerned citizen), affordable housing tenant or homeowner (and an alternate), employment sector representative, realtor or real estate professional, workforce housing advocate (or social service representative), and a representative of a philanthropic organization.
- (3) The Housing Action Committee shall review the Town's Workforce Housing Strategic Plan, the Housing Element of the Town's Our Plan, the Workforce Housing Framework and any and all other plans that may be created and adopted to address the Town's Workforce Housing needs and thereafter will make recommendations and suggestions for implementation.
- (4) Additionally, the Housing Action Committee shall assist the Town in determining relevant housing policies that will be necessary to accomplish the identified goals and objectives outlined in the plans mentioned above and provide recommendation on any new or innovative ideas as part of a Town adopted Housing Tool Kit that might help the Town accomplish its workforce housing goals.
- (5) The Town Manager is hereby authorized and empowered to take such actions as may be necessary in order to develop, implement, and carry into action the necessary tactics to form and implement the Housing Action Committee.

**MOVED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF
HILTON HEAD ISLAND ON THIS 16th DAY OF MAY, 2023.**

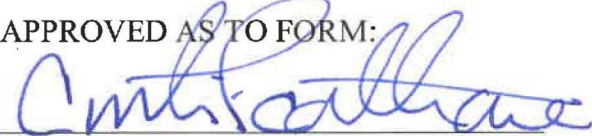
THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA


Alan Perry, Mayor

ATTEST:


Kimberly Gammon, Town Clerk

APPROVED AS TO FORM:


Curtis L. Coltrane, Town Attorney

Introduced by Council Member: GLENN STANFORD



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Hilton Head Town Council
FROM: Missy Luick, Assistant Community Development Director
VIA: Shawn Colin, Assistant Town Manager – Community Development
CC: Marc Orlando, Town Manager
DATE: May 16, 2023
SUBJECT: Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, approving a Housing Action Committee

RECOMMENDATION:

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, approving a Housing Action Committee.

BACKGROUND:

Town Council as part of the adoption of the 2022 Workforce Housing Framework, Finding Home, defined a critical first step to meet the goals outlined in the Framework was to establish a Housing Action Committee (HAC). The goal of this Committee would be to provide advice, guidance, and support to help the Town develop and implement its affordable workforce housing goals and objectives. Following Council's direction at a November 1, 2022, adoption of the Framework, this ordinance has been prepared to authorize the creation of this new action committee.

After the attempted sale of Chimney Cove Apartments, which would have displaced over 300 tenants from their homes, Town Council held a special meeting on September 14th, to consider immediate action opportunities for workforce housing. At this meeting Town Council directed Council Members David Ames and Tom Lennox to work with Town Manager, Marc Orlando, and staff to prepare a formal Workforce Housing Framework that would be brought before Town Council for consideration no later than November 1, 2022.

As a result of this, a two-day Housing Charrette was facilitated by MKSK Studios and Together Consulting in October where a multi-disciplinary team of housing stakeholders shared critical information about housing trends in the Town and reviewed major goals and strategies for a housing framework and to generated ideas for specific tactics. The Workforce Housing Framework included with this memo contains the results of this charette and outlines a housing framework structure based on four pillars that will support comprehensive sustainable housing strategies that identifies long-term solutions to

address affordable workforce housing on Hilton Head Island. The pillars are Community, Planning, Management, and Revenue.

Critical first steps were laid out under each Pillar for the Town to consider for 2023 implementation. In January 2023, the Town committed \$1M toward workforce housing as part of the budget process, a key step toward meeting the goals outlined in the Revenue Pillar. Also in January, as part of the Management Pillar of the Workforce Housing Framework, the Town created a new position and began recruiting for a Workforce Housing Program Manager who will be tasked with leading the implementation of the Town's Workforce Housing goals. The Town also extended its contract with Together Consulting to provide staff support in planning and the development of other critical first steps outlined in the Framework, to include but not limited to the formation of a Housing Action Committee, which was a key recommendation within the Community Pillar.

To take this critical first step Town Council is presented with a Resolution for the establishment of a Housing Action Committee, made up of no more than nine (9) appointed community representatives with varying backgrounds and expertise relating to housing and community development. Council should consider the following member representation in their recommendations for Committee appointment: (1) general home building, (2) banking/finance, (3) affordable workforce housing developer (for-profit), (4) affordable workforce housing developer (non-profit), (5) community representative (concerned citizen), (6) affordable housing tenant or homeowner, (7) employment sector representative, (8) realtor or real estate professional and (9) workforce housing advocate (or social service representative). The primary role of this group of action committee members will be to advise the Town Manager and Council on strategies, ideas and recommendations that address issues on housing affordability.

SUMMARY:

Together Consulting, researched 20 different Housing Action Committee (HACs) from across the country, 16 of these were reviewed for specific recommendations and structure. Examples included national, regional and South Carolina HACs including those in resort and beach communities. Based on this extensive research and analysis the following resolution outlines the recommendation for the Town's Housing Action Committee.

ATTACHMENTS:

1. Resolution
2. Housing Action Committee Brochure
3. Finding Home- A Workforce Housing Framework

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

RESOLUTION NO. _____

**A RESOLUTION OF THE TOWN COUNCIL AUTHORIZING THE
CREATION OF THE HOUSING ACTION COMMITTEE FOR THE TOWN
OF HILTON HEAD ISLAND**

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WHEREAS, on December 7, 2021, Town Council adopted the Town of Hilton Head Island Fiscal Year 2021-2022 Strategic Plan, which included strategic action items on housing initiatives; and

WHEREAS, on February 22, 2022, Town Council discussed an update on current housing initiatives and proposed next steps, which resulted in the advancement of initiatives related to sewer connections, home safety and repair, advancement of an RFQ for a workforce housing public-private partnership on town-owned property, formation of a development corporation and participation in a regional housing trust fund; and

WHEREAS, Town Council directed Council Members David Ames and Tom Lennox to work with the Town Manager, Marc Orlando, and his staff to prepare a formal Workforce Housing Framework that would be brought before Town Council for consideration no later than November 1, 2022; and

WHEREAS, the Workforce Housing Framework was adopted by Town Council on November 1, 2022 and represented a cumulation of input from the public and Town Council; and

WHEREAS, four pillars were identified as structural to the foundation of the Workforce Housing Framework that consisted of Community, Planning, Management, and Revenue; and

WHEREAS, the adopted Workforce Housing Framework outlines several critical first steps within each pillar which would support the Town’s goal to increase access and opportunities for the preservation and production of workforce housing to meet the growing needs for Town residents and workforce; and

WHEREAS, the Community pillar outlined a recommendation that the Town “engage, collaborate, and inform the community on housing challenges, and to identify community-led housing programs and solutions”; and

WHEREAS, one of the key strategies recommended under the Community pillar of the Workforce Housing Framework was to create and commit to a Housing Action Committee;

NOW, THEREFORE, BE IT, AND HEREBY IT IS, RESOLVED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA AS FOLLOWS:

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- (2) The Housing Action Committee is hereby created, and its membership shall consist of: no more than nine (9) appointed community representatives with varying backgrounds and expertise relating to housing and community development. Members shall represent the following areas of expertise and background: (1) general home building, (1) banking/finance, (1) affordable workforce housing developer (for-profit), (1) affordable workforce housing developer (non-profit), (1) community representative (concerned citizen), (1) affordable housing tenant or homeowner, (1) employment sector representative, (1) realtor or real estate professional and (1) workforce housing advocate (or social service representative).
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- (4) Additionally, the Housing Action Committee shall assist the Town in determining relevant housing policies that will be necessary to accomplish the identified goals and objectives outlined in the plans mentioned above and provide recommendation on any new or innovative ideas as part of a Town adopted Housing Tool Kit that might help the Town accomplish its workforce housing goals.
- (5) The Town Manager is hereby authorized and empowered to take such actions as may be necessary in order to develop, implement, and carry into action the necessary tactics to form and implement the Housing Action Committee.



Finding Home

A WORKFORCE HOUSING FRAMEWORK

For the Town of Hilton Head Island, SC

November 1, 2022

COST to build v. Revenue
\$\$\$
Limited Land + Limited infrastr.
Capacity
Larger # of people create more demand
Where commit to afford.?







This moment ...

This is an important moment for the communities of our Island. We've experienced decades of strong growth and expanding prosperity. We're a destination for visitors, a community of choice for residents, and a strong market for businesses. By so many measures, Hilton Head Island is a strong island. But despite all this success, we're threatened by a growing trend.

Housing affordability in Hilton Head Island is rapidly declining and affecting all aspects of our community. This trend accelerated through the COVID-19 Pandemic and is actively threatening our families, our workforce, and our reputation as a complete community. Without some intervention, we'll all inherit the consequences.

But segments of our community are bearing the brunt. I worry about our working families, and those who aspire to raise children on the Island. I worry about our employers and their ability to find employees. But most of all, I worry about what we'll lose when we lose this first rung of the housing ladder. If we can make a difference, shouldn't we?

This Framework is a promise to do just that. As leaders, we can't sit by and watch these trends play out. The stakes are too high and the impacts too profound. If we're committed to the sustainability of our community, we're committed to housing affordability. We have a unique opportunity at this moment to take advantage of the community's alignment on the issue and invest in a multi-faceted program to address the challenge. The work ahead is complicated and difficult, but I'm confident in our community's ability to make change.

With warm regards,

John McCann, Mayor

ACKNOWLEDGMENTS

The Town of Hilton Head Island Workforce Housing Framework is the product of a collaborative effort between Town leadership, staff, and community members. The following is a list of key contributors.

Town Council

- » John McCann, Mayor
- » Bill Harkins, Mayor Pro-tem, Ward 2
- » Alex Brown, Ward 1
- » David Ames, Ward 3
- » Tamara Becker, Ward 4
- » Tom Lennox, Ward 5
- » Glenn Stanford, Ward 6

October 2022 Housing Charrette Participants

- » Cliff McMackin, Sea Pines Resort
- » Steve Birdwell, Sea Pines Resort
- » Tony Alfieri, RBC Capital Markets
- » Sarah Jones-Anderson, Greystone Affordable Development
- » Kumar Viswanathan, Asset Management Associates
- » Scott Wierman, Community Foundation of the Lowcountry
- » Risa Sreden Prince, Community Advocate
- » Tony Malagrino, University of South Carolina Beaufort
- » Brenda Dooley, Hilton Head Regional Habitat for Humanity
- » Mike Manesiotis, Hilton Head Long-Term Rentals
- » Eric Turpin, Native Island Business & Community Affairs Association
- » Jean Beck, Hilton Head Area REALTORS
- » John O'Toole, Beaufort County Economic Development Corporation
- » Meg James, Hilton Head Area Home Builders Assoc.
- » Stephanie Rossi, Lowcountry Council of Governments
- » Alan Wolf, SERG Restaurant Group
- » Brendan Reilley, Coastal Restaurants and Bars
- » Angela Childers, Beaufort Housing Authority
- » John DeRiggi, Putnam Atlantic Properties, LLC
- » Brian Esposito, Esposito Construction, Inc
- » Ray Deal, HHI-Bluffton Chamber of Commerce
- » Roselle Wilson, Native Island Business & Community Affairs Association
- » Jeffrey A. Ernico, Abom & Kutulakis, LLC

Town Staff

- » Marc Orlando, Town Manager
- » Shawn Colin, Assistant Town Manager - Community Development
- » Missy Luick, Community Planning Manager
- » Jennifer Ray, Capital Program Manager
- » Shea Farrar, Senior Planner
- » Nicté Barrientos, Assistant Planner - Economic Development
- » Ben Brown, Senior Advisor to the Town Manager

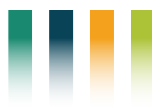
Consulting & Facilitation Team

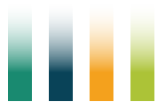
- » MKSK Studios
- » Together Consulting



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PART I: SETTING THE STAGE

OUR PURPOSE

Workforce housing affordability has been a growing challenge on Hilton Head Island. The trend accelerated through the last five years and the impacts are difficult to ignore. Now is the time for deliberate action. Otherwise, the Town will continue to lose its valuable share of workforce housing, home-by-home, or family-by-family. The Workforce Housing Framework is a commitment to preserve and expand workforce housing options on Hilton Head Island.

Community leadership, Town commitment, and staff support are critical for the successful implementation of the recommendations in this Framework. Furthermore, buy-in and commitment from these stakeholders and Town residents will be essential for substantive and lasting change. Over the past five years, there have been several housing plans, reports, and studies completed for the Town, including the 2019 Strategic Workforce Housing Plan, the Town’s 2020 Our Plan and most recently the focus on Strategic Workforce Housing in the 2022 Town’s Strategic Plan.

All these plans have pointed to the lack of workforce housing and its potential impact to the qualities of life and opportunity. Each identifies a growing housing crisis, lays out a series of strategies and recommendations, and in some cases, provides the number of units needed over the next 10 years. The 2019 Strategic Workforce Housing Plan indicated that housing on Hilton Head Island should target households with incomes between 30 and 80 percent of area median income (AMI) for rental housing and up to 100 percent of AMI for for-sale housing.

In this 2022 Workforce Housing Framework, the Town is committing to address workforce housing needs. This Framework is meant to complement existing plans by laying out critical first steps and strategies to address the growing demand for affordable housing. Housing affordability has been an important issue for the Town for many years, but never has there been such urgency. As the Town experiences more in-migration on the island post-COVID-19, along with an increase in short-term rentals (Airbnb, VRBO, etc), and competition for more housing units, working families are facing increasing competition for their homes and the valuable land underneath. .

The overarching goal of this Workforce Housing Framework is to provide the Town and municipal leaders with specific strategies and defined actionable tactics that address both the need for housing preservation and new production. The Workforce Housing Framework will serve as the foundational document pulling from the 2019 Strategic Workforce Housing Plan and the Town’s 2020 Our Plan to uplift specific strategies that can be prioritized and implemented over the next 24 months. The Framework is focused on four core Pillars: Community, Planning, Management, and Revenue, with the goal to outline key actions within each pillar to address the growing housing crisis.





Hilton Head Island is not alone in facing this urgency to address workforce housing.

Nationally, many communities are struggling to provide adequate workforce housing that aligns with the socio-economic make-up of their workforce. The increased demand for housing on the Island has put significant pressure on existing properties. Several older apartment communities and individual single-family homes are at risk of being absorbed by investors for renovation into higher-end housing and/or short-term rentals. These units are referred to as “Naturally Occurring Affordable Housing” or NOAH. They are housing communities that have traditionally been naturally affordable but not government subsidized or restricted, making them fair game to open market investors to repurpose into higher-end housing to meet growing demand for market rate housing.

The recent issue with Chimney Cove Village is an example of growing friction in the housing market.

The potential acquisition of this property and displacement of 300 tenants would have been devastating for the working families that live at Chimney Cove and for the entire Island with the loss of one of the few affordable rental communities. Business owners and employers have already indicated difficulty in recruiting and retaining employees to the Island, citing housing affordability as a key factor. This situation, along with the growing demand for new units to meet population and workforce growth as outlined in the 2019 Strategic Workforce Housing Plan, has accelerated the Town’s urgency to define immediate actionable strategies to support the production and preservation of workforce housing on the Island. The 2022 Workforce Housing Framework analyzes key recommendations in the Town’s previous plans and best practice models from other similar communities to provide a foundation for action. The goal of the framework is to build off these plans, define a specific toolbox of strategies, and lay out first steps toward addressing the immediate housing crisis.



Source: Island Packet

A catalyst for change: The Chimney Cove Village planned evictions

In mid-August eviction notices were issued to roughly 300 residents of the Chimney Cove Village apartment complex on Hilton Head Island. Residents were given 30 days notice before their leases would end early and the complex sold to a developer. Most of the residents work on the Island, with 100 children also living in the complex.

The apartments are some of the few affordable units on the island, making re-housing difficult. Resident Edolena Baelon worried about where she would go, saying “when my 7 year-old asked where we are going, I said I didn’t know” (Island Packet).

Eviction notices were rescinded on August 31st, but the ordeal left the Town and its residents shaken. Mayor John McCann issued a statement assuring the Town’s commitment to being part of the solution, and the Town Council called a special meeting to address the evictions and collaborate with community stakeholders on solutions.

This is one example of a housing crisis trend on the Island. A 2018 housing options assessment on Hilton Head Island showed that the fastest-growing income brackets were those making more than \$150,000 annually, and those making less than \$25,000. Those higher-income households have the potential to push rent up, displacing hundreds of island workers if no intervention is taken. This could come in the way of developing more affordable units, or protecting the Island’s naturally occurring affordable housing.

WORKFORCE HOUSING INDICATORS

Recent plans and studies specific to the Island and the region have revealed stark trends with the Town's housing environment. The data points to decreasing affordability for workforce housing and a host of secondary impacts affecting families, workers, and the community's broader quality of life. This section presents that case and additional information with respect to the specific conditions and trends on Hilton Head Island, and quotes key findings from the 2019 Workforce Housing Strategic Plan.

Population growth has slowed, but housing demand is pushing all time highs. After decades of tremendous growth, the Island's population increase

slowed down dramatically between 2010 and 2020. With a rate of change of just 1.2 percent, the Island's permanent population has plateaued at just under 40,000 residents. But with strong regional growth – including a 20 percent increase for surrounding counties – the demand for housing in the Lowcountry remains very strong. The slowdown in population growth on the Island is not about preference to live

elsewhere; it points to an inability by the Town to add housing. This, coupled with record demand, continues to drive prices higher.

In recent years, the fastest growing income groups on Hilton Head Island have been those with incomes below \$25,000 and those with incomes of \$150,000 and above. The community has experienced a fairly significant hollowing out of middle-income households which has important implications for housing. Higher-income households can put upward pressure on prices and rents, putting housing further out of reach of those with more modest incomes.

Working households have an increasingly hard time finding housing they can afford. For

example, there are an estimated 5,000 workers on Hilton Head Island in the Accommodation & Food Services industry. The median wage for workers in this sector is \$22,622 annually. A single person earning this wage could afford rent of no more than \$566 per month. A couple (e.g., married couple or two roommates) could afford rent of no more than \$1,132 per month; they could afford to purchase a home priced at no more than about \$158,000.

There is already a significant housing affordability challenge among current Hilton Head Island residents. About 40 percent of all Hilton Head Island households—including 37 percent of homeowners and nearly half of renters—are housing cost burdened, spending 30 percent or more of their income each month on housing costs. When individuals and families spend a disproportionately high share of their income on housing, there can be too little left over for other necessities, including food, health care, transportation, and clothing. There is also less left over to spend on goods and services in the local economy.

Population Change

(2010 - 20)

+1%

Permanent resident growth has plateaued, regional growth intensifying

Affordable Rent

\$566

For a 1-person household working in accommodation & food service, of which there are more than 5,000 employees on the Island





Many people working on Hilton Head Island commute from elsewhere in Beaufort County and beyond. More than 14,000 workers commute onto the Island each day for work, with the number of in-commuters rising steadily each year. People who work on Hilton Head Island commute longer distances than those commuting to either the Town of Bluffton or City of Beaufort. About 17 percent of workers on Hilton Head Island—or nearly 4,400 workers—commute 50 miles or more each way to get to work. On their way into and home from Hilton Head Island, those commuters will pass by growing areas in Bluffton, Hardeeville, Port Royal and other communities where employment opportunities are expanding. More job options in other parts of the county will make it less attractive for workers to continue to commute onto Hilton Head Island to work.

Hilton Head Island is increasingly competing with Bluffton and other communities for workers. Many of these workers have wages that, while competitive for the industry, are at levels that make it very challenging to find affordable housing on Hilton Head Island.

Hilton Head Island’s housing market is atypical as it includes a significant number of housing units that are occupied on a seasonal basis. About half of the Island’s nearly 34,000 housing units are defined

as “vacant” without a year-round occupant. In a recent study to better understand the proliferation of short-term rental units on the Island, more than 10,000 properties were identified. The revenue potential of this service is significant and adds to the upward pull of property values.

Est. Short Term Rentals

10k

Roughly one third of the Island’s housing stock

If you’d like to learn more, please reference the Town’s recent studies on the topic. The Workforce Housing Strategic Plan, in particular, was adopted in 2019, and includes a deep accounting of the community’s housing product, market segments, affordability, and other critical data.

A regional challenge; growing regional cooperation

Housing in-affordability is a growing phenomenon in the South and in South Carolina, as many households post-pandemic have gained flexibility in where they live and work, and northern communities have sought a different way of life in the coastal communities like South Carolina and Florida. South Carolina is one of the top five states with the highest number of in-migration. Communities like Charleston, Greenville, and coastal resort areas like Hilton Head Island have seen the highest growth in SC. According to the 2021 National Van Lines Moving Study, when the reason for moving is “cost of living,” “retirement,” or “lifestyle change,” the state of South Carolina ranks 1, 2, and 6, respectively, when considering in-bound moves across all 50 states.

Unlike other communities in South Carolina, however, available and developable land in Hilton Head Island is scarce. Unique design standards, environmental, and conservation policies that make Hilton Head Island such a desirable place to live also create barriers to certain types of development options. Continued increases in construction and labor costs nationally and the unique development requirements of the Island have further increased the cost of housing production.

The Town is actively aligning with regional housing strategies to address the challenge in concert with surrounding communities. The Beaufort County Housing Trust Fund was officially launched in the fall of 2022 as a response to County’s shared issues around growing in-affordability. Joining seven other cities and towns on the mainland and the County, the fund is expected to generate more than \$10 million in the next decade to fund regional workforce housing projects and initiatives. This unique coalition reflects the shared nature of the housing challenges around the Lowcountry and is one of the first regional entities in the Southeast.

PREVIOUS WORK

The Housing Framework is the product a long discussion in the community spanning several years. The following presents a timeline of this work and a summary of the specific policies and programs enacted by the Town to date.

Recent Housing Plans & Initiatives

YEAR	PLAN / INITIATIVE
2019	Adoption of Workforce Housing Strategic Plan
2020	Adoption of Commercial Conversion Workforce Housing Incentive Conversion of existing non-residential square footage to residential units Adoption of Our Plan, a comprehensive plan for the Town
2021	Adoption of Density Bonus Workforce Housing Incentive; additional density provided in exchange for Workforce Housing units Dedicated American Rescue Plan Funds for Housing Initiatives Assessment of Regional Housing Trust Fund Participation Adoption of Town's Strategic Action Plan
2022	Authorized RFQ for Public Private Partnership for affordable workforce housing on Town property Launched Sewer Connection Program Launched Home Safety & Repair Program Executed an Agreement to participate in the Regional Housing Trust Fund Directed by the Mayor, Councilmen Ames and Lennox were charged with bringing a Workforce Housing Framework to Town Council by November 1 Workforce Housing Framework Charrette

Setting priorities for housing

Solutions for workforce housing should be designed to respect the Town's unique natural and cultural resources.

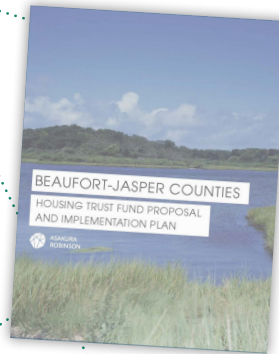


Establishing a broad policy

The Comprehensive Plan is foundational to directing the Town's focus and parameters for initiatives that affect the Island community now and into the future. The plan was built from robust community engagement.

A regional strategy

The Town performed an assessment process leading to development of a Regional Housing Trust Fund Proposal and Implementation Plan and agreement. The Town formally joined the coalition in the fall of 2022.



Strategic direction

A plan to implement American Rescue Plan funding appropriation and assess creation of Regional Housing Trust Fund.





2022 HOUSING CHARRETTE

Town Staff convened a multi-disciplinary team of housing stakeholders to participate in a two-day charrette in October of 2022. The purpose of the meeting was to share critical information about housing trends, test and refine major directional statements of the Framework (including goals and strategies), and generate ideas for specific tactics. After over ten hours of facilitated conversation, the team affirmed major components of the Framework, advancing the strategy to Town Council for adoption.

The 35 participants at the charrette represent a broad cross-section of public, private, and philanthropic groups with a focus or interest in the Town’s housing affordability challenges. These individuals capture the complexities of the housing challenge on Hilton Head Island, both in terms of their professional experience and their personal expertise. The conversation was impassioned and fruitful. A full list of participants is provided in the document acknowledgments inside the front cover.

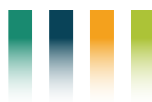
Participants

35

Leaders from around the Island volunteered 10 hours to the Housing Charrette

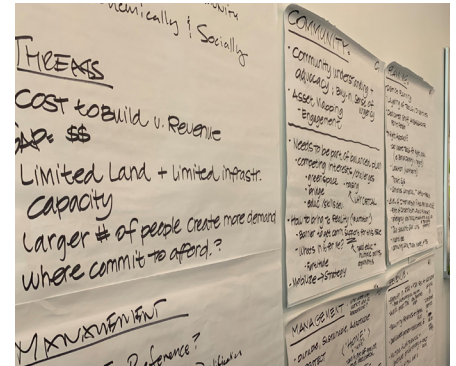
Major themes and outcomes from the charrette included:

- » Participants approved the broad goal for housing and the pillar-by-pillar goals and high-level strategies. The group discussed each of these statements in turn, providing feedback, reactions, and small refinements.
- » Communication, messaging, and calls to action are as important as the actions themselves. If the community is unaware of the consequences of inaction, they are very unlikely to support the funding and execution of future actions.
- » The messaging should come from a “large boat” group of community leaders who are trusted, respected, and can carry the weight of the movement to their networks and connect where they have interests.
- » There is a need for full time, full-focus staff inside Town Hall committed to working on implementing the Framework and the execution of future tactical plans. This staff position or positions will be charged with initiating the Town’s tactical response and identifying needs in terms of resources, capacity, coordination, etc.
- » The situation is complicated and multi-variable. Initial planning action should be committed to better understanding the system (Strengths, Weaknesses, Opportunities, Threats), identifying potential projects, policies, and/or programs, and developing a tactical action plan. This should be organized around immediate, mid-term, long-term and ongoing investments.
- » The need for predictable, ongoing funding is critical. An initial millage raise could be tied to affordable & workforce housing and would not need to be tied to a referendum. The broader funding model, however, needs to evolve to be multi-streamed and multi-sourced.
- » Participants approved strategies within each of the Framework pillars (Community, Planning, Management, and Revenue). These changes are captured in this Framework.





PART II: THE WORKFORCE HOUSING FRAMEWORK



Finding Home A WORKFORCE HOUSING FRAMEWORK

The work to develop the Town of Hilton Head Island's Workforce Housing Framework began in the fall of 2022 as a result of growing trends around workforce housing. Town leadership committed to a process to develop the Framework through a collaborative process with the community. This framework is a structure, around which policies and more specific action can be affixed and expanded.



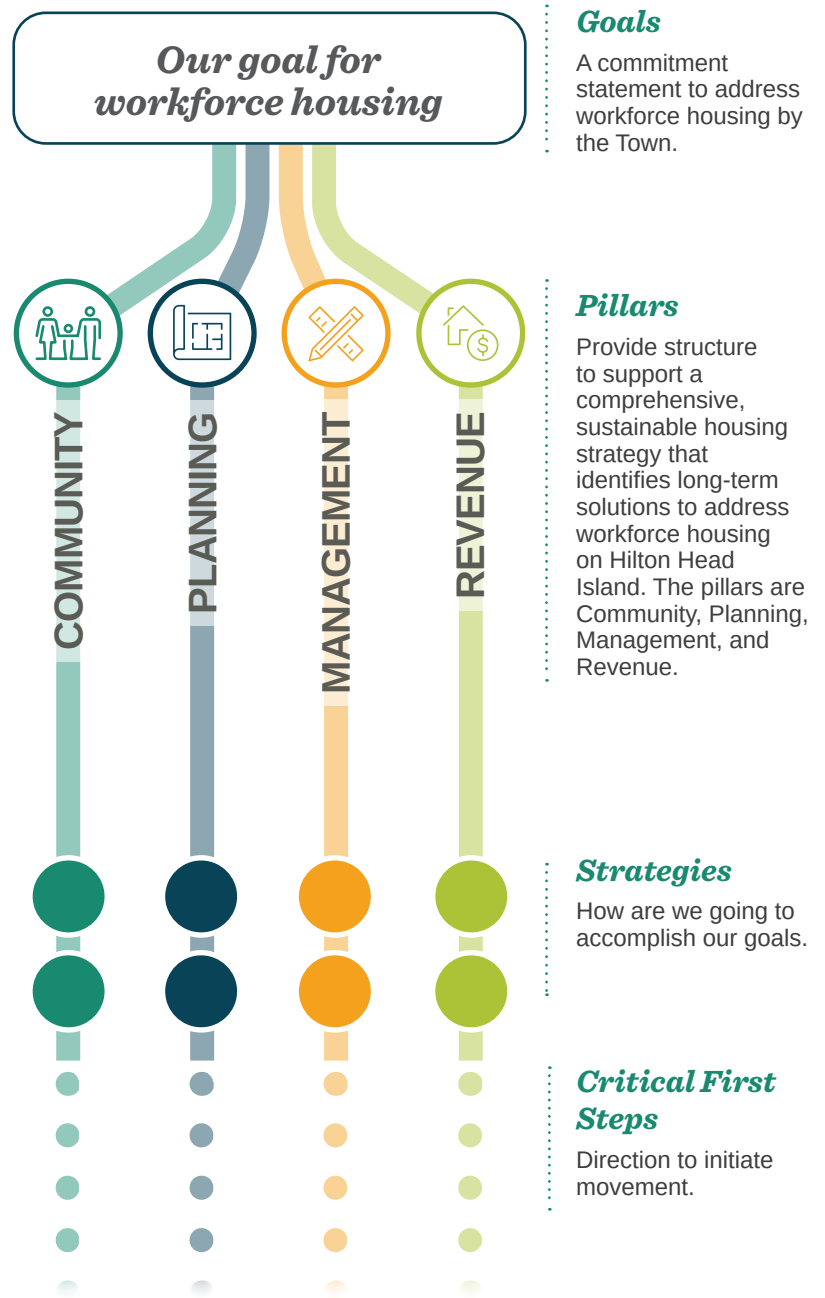
STRUCTURE

The Town of Hilton Head Island’s Workforce Housing Framework is a broad commitment by the Town to address the growing challenges around workforce housing. Without deliberate action, these challenges will continue to mount and the impacts to families, businesses, and the quality of life on the Island will compound. Town leaders believe there is opportunity to make a difference.

Peer communities have made progress on the issue when there is strong alignment, clear responsibility and oversight, and real resources applied. Based on the conclusions from the October 2022 Workforce Housing Charette, 2019 Workforce Housing Strategic Plan, 2020 Our Plan, 2021 Town Strategic Plan and the 2018 Beaufort County Housing Needs Assessment, now is the time for a commitment. The following section presents these commitments by the Town of Hilton Head Island to addressing the workforce housing crisis in the short- and long-term.

By adopting this Framework, Town Council is charging Staff to interpret the broad direction into a set of actionable and fundable projects, policies, and programs. This action planning is forthcoming, but critical “first steps” are provided throughout the Framework. The Framework is organized from broad direction to specific action. Each statement was reviewed and refined during the October 2022 Workforce Housing Charrette. Definitions for each component are provided by the figure on the right.

Framework Structure



WHY NOW?

Hilton Head Island is a community of choice. The demand for housing is constant and, as a result, the prices for real estate increase. With the market pulling prices higher, there is a resulting impact across all price points along the housing spectrum. No segment, or type, is immune. This process intensified through the COVID-19 Pandemic and related economic shutdowns. Communities like Hilton Head Island experienced a wave of interest and investment as prospective residents quickly consumed available properties.

The result is a less affordable housing system. While this impacts all residents, the effects are especially pernicious for the Island's local workforce. Affordable homes are endangered and the process to add to this stock is slow, complicated, and costly. At the same time, competition for labor is intensifying across the Lowcountry. The Town's population grew relatively slowly (just over one percent) between 2010 and 2020 after decades of rapid increase. Regionally, however, Beaufort County grew by more than 20 percent. The Island finds itself in growing competition with the mainland for workers and its lack of workforce housing options adds to the challenge.

The impact on working class families is tangible. The trends within the Island's housing system either push workers further and further afield as they "commute to compete" or incentivize other opportunities on the mainland, further shrinking the labor pool for Island businesses. For those workers who can find local housing, the latent threat of displacement is impossible to ignore.

Collectively, this is an unstable system. Without intervention, everyone who cares about the future of the Island will feel the impact of this trend. Now is the time for a strong commitment and real action.

This section lays out the central promise of the Town of Hilton Head Island's Workforce Housing Framework. The statement captures the Town's spirit, urgency, and commitment to action to address workforce housing now and in the future.

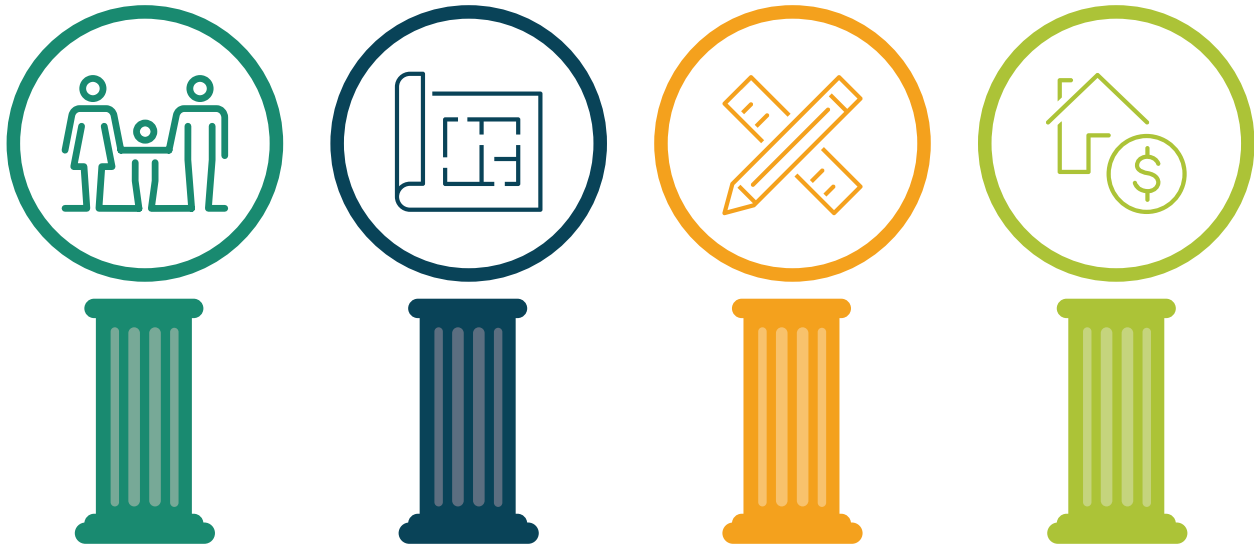


OUR GOAL FOR WORKFORCE HOUSING

The Town of Hilton Head Island shall ensure growing opportunities to provide more workforce housing options on the Island and participate – through real investments – in the local and regional solution.

To meet our goal, we commit to a Workforce Housing Framework supported by four foundational pillars: Community, Planning, Management, and Revenue. Collectively, these pillars establish the enabling structure to assign future policy, programs, organizational capacity, resources, and management. This in the pursuit of expanding workforce housing development opportunities in the Town.





Finding Home

THE PILLARS OF AFFORDABILITY

Based on the Town's fundamental commitment to action, leadership should pursue a wide range of partnerships, projects, policies, and other measures to determine which path has the most promise. The Pillars are a way of organizing this action into an encompassing set of Town-owned and/or Town-supported strategies. This section presents the four pillars: Community, Planning, Management, and Revenue.



COMMUNITY

The Community pillar is an acknowledgment that the Town can only go so far without the fundamental support of advocates, business owners, and neighbors. These voices are the most important. The systemic nature of this challenge also creates a shared responsibility among community members to participate in the solution. But this “community” needs information and a central call to action to advocate for specific projects as they materialize.

The Community pillar is important to address workforce housing because:

- » The reach and efficacy of the Framework can only benefit through the collaboration and alignment of non-Town organizations and groups
- » Successful models from around the country are built around a broad community coalition and regularly course-correct based on feedback and reporting
- » Building a sustainable and effective strategy requires a feedback loop from community stakeholders
- » Communication is key to fostering engagement and understanding

Goal for the Community pillar:

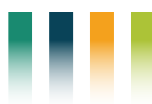
To engage, collaborate, and inform the community on housing challenges, and to identify community-led housing programs and solutions.

Strategies:

1. Commit to develop, maintain, and support partnerships and relationships with community organizations, as well as regional and state partners to collaboratively address local workforce housing needs.
2. Commit to a Housing Action Committee to coordinate with community groups in the housing space, cultivate an ongoing housing dialogue, and engage the community in housing education, planning, innovation and provide advice and recommendations.

Critical First Steps:

- ✓ Develop a island-wide housing communications campaign that plainly lays out the argument for Town action and is distributed through a multi-channel, multi-format campaign
- ✓ Distribute and regularly update a rent survey to area renters and landlords
- ✓ Develop an asset map of local groups and individuals involved directly or indirectly with housing security and/or affordability





PLANNING

The Town of Hilton Head Island is unique in many ways. This distinct character contributes to the Town’s high quality of life and quality of place. It’s also what makes the process of policy development on issues like housing affordability so challenging. There are simply few communities like Hilton Head Island. Strategies need to be closely tailored to the Island’s geography, economy, and – perhaps most important – culture. Finding the right set of tactics to reverse the trends on affordability will require significant time and capacity from Staff and leadership. But a commitment to planning is not a commitment to inaction. Rather, the Planning Pillar is crucial to the success of the Workforce Housing Framework as it establishes the freedom and the importance of ongoing policy development, project identification, and evaluation of the efficacy of initiatives.

The Planning pillar is important to address workforce housing because:

- » There is a need to study the housing system more deeply to better understand trends and identify potential overlaps between like-communities
- » The Town must move to a fundable action plan and identify the right set of initial investments
- » Planning requires time, capacity, and resources
- » Approaching the tactical work as experimentation pulls pressure from the platform and acknowledges the complexity of the challenge and the need to arrive at a community-owned solution
- » Evaluation of initiatives is crucially important in determining where the Town should continue to invest or move resources in a new direction

Goal for the Planning pillar:

To create a social, political, and economic environment that stimulates workforce housing through planning, policy-making, and programming.

Strategy:

1. Commit to create a multi-year workforce housing action plan that will include a range of prioritized housing tactics and tools.

Critical First Steps:

- ✓ Create a Workforce Housing tactic toolbox
- ✓ Develop and maintain a map and database of all workforce housing units



MANAGEMENT

The complexity of the housing issue and the potential intervention strategies by the Town, demand direction, oversight, and evaluation. This management is essential to the success of the Framework. Communities like Hilton Head Island that have made progress on the issue started with staffing. The focus that this new capacity enables allows the Town to deepen its understanding of the challenge, identify internal and external partners, research applicable policy, and potentially assist related organizations.

The Management pillar is important to address workforce housing because:

- » The Town needs staff who are solely focused on the issues of housing affordability and security
- » Management is an active and ongoing process involving numerous parties
- » Initiating and maintaining action at scale requires expertise, commitment, and oversight
- » Maintaining the Town’s stock of workforce housing also assumes significant compliance work
- » The Town can extend the efficacy of its programs and investments by enabling outside structures

Goal for the Management pillar:

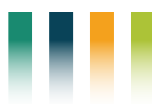
To establish a management program and policies to advance workforce housing opportunities.

Strategies:

1. Commit to adding dedicated staff to provide coordination and planning.
2. Commit to explore the creation of a professionally managed housing organization.
3. Commit to and maintain a dashboard of core metrics.

Critical First Steps:

- ✓ Develop an asset map of existing partners and players in the space of workforce housing
- ✓ Recruit and hire at least one staff person focused on implementing the housing action plans and playing a lead advocate for the Town’s efforts





REVENUE

A sustainable revenue model for workforce housing must have multiple streams and recurring funding. A predictable and significant revenue source will generate action around workforce housing locally. Without this, there's little hope of generating action around workforce housing. Even with regional, state, and federal funding sources fully leveraged, there is still a need to provide gap funding at the local level. Based on the Town's commitment, this funding promise is significant. In 2022, the Town joined partners from around the county to fund one of the State's first Regional Housing Trust Funds made up of eight different jurisdictions. This financial commitment by the Town represents a first and important signal of leadership's willingness to invest in a housing initiative. But the Town is also committing to sharing in the solution through local initiatives.

The Revenue pillar is essential to meet workforce housing because:

- » Land and real estate costs are rising precipitously on the Island
- » The regional trust fund initiative is important, but the next critical step to securing workers and families long-term is developing an adequate recurring workforce housing funding model for projects on the island
- » Without proper funding, the projects identified through community conversation or planning efforts may not materialize

Goal for the Revenue pillar:

To provide a consistent, sustainable, and multi-sourced revenue model for funding workforce housing initiatives and partnerships.

Strategy:

1. Commit to a funding plan that meets the needs of the multi-year workforce housing action plan.

Critical First Steps:

- ✓ Establish a dedicated and recurring funding sources that are allocated for workforce housing
- ✓ Identify possible Town revenue sources for workforce housing program allocation
- ✓ Establish a network of potential financial partners including but not limited to private investors, philanthropic organizations, banks, etc. to support workforce housing initiatives



Finding Home

A WORKFORCE HOUSING FRAMEWORK

Hilton Head Island, SC

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THE PILLARS OF AFFORDABILITY



The Pillars organize our action related to workforce housing affordability into an encompassing set of Town-owned and/or Town-supported strategies.

COMMUNITY

Goal:

To engage, collaborate, and inform the community on housing challenges, and to identify community-led housing programs and solutions.

Strategies:

1. Commit to develop, maintain, and support partnerships and relationships with community organizations, as well as regional and state partners.
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Next Steps?

As a forthcoming component of the Framework, Town Staff will work collaboratively with Council and a multi-disciplinary advisory body to develop – in an ongoing way – a critical investment package.