



**Town of Hilton Head Island
Planning Commission Meeting
Wednesday, July 2, 2014
9:00 a.m. Benjamin M. Racusin Council Chambers
AGENDA**

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting.

- 1. Call to Order**
- 2. Pledge of Allegiance to the Flag**
- 3. Roll Call**
- 4. Swearing In Ceremony for Returning and New Planning Commissioners**
Mr. Todd Theodore, Mr. Peter Kristian, Mr. Jim Gant, and Ms. Caroline McVitty
- 5. Freedom of Information Act Compliance**
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 6. Approval of Agenda**
- 7. Approval of Minutes** – June 18, 2014 Meeting
- 8. Appearance by Citizens on Items Unrelated to Today’s Agenda**
- 9. Unfinished Business**
None
- 10. New Business**
Public Hearing
ZA-000659-2014 - A request (A PUD Master Plan Amendment (major) application type), from Victor J. Mills on behalf of Shelter Cove Towne Centre, LLC and Shelter Cove II, LLC proposing to amend the Official Zoning Map by amending the PD-1 Zoning District specifically the Palmetto Dunes Resort Master Plan to change the density associated with the multi-family permitted uses on the parcels, located at Shelter Cove Towne Centre and a portion of the adjacent Shelter Cove Community Park parcel. All other permitted uses and associated densities will remain unchanged. The properties are identified on Beaufort County District R520 Tax Map 12B as parcel 26 and a portion of parcel 2 on Beaufort County District 520 Tax Map 12C. *Presented by: Heather Colin*
- 11. Commission Business**
- 12. Chairman’s Report**
- 13. Committee Reports**

14. Staff Reports

a) Coligny Update

15. Adjournment

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

TOWN OF HILTON HEAD ISLAND
Planning Commission Meeting
Wednesday, June 18, 2014
3:00p.m – Benjamin M. Racusin Council Chambers

Commissioners Present: Chairman Gail Quick, Vice Chairman David Bennett, Alex Brown, Judd Carstens, Terry Ennis, Bryan Hughes, Tom Lennox, Barry Taylor and Brian Witmer

Commissioners Absent: None

Town Council Present: Mayor Drew Laughlin, Bill Harkins, and John McCann

Town Staff Present: Teri Lewis, LMO Official
Curtis Coltrane, Esq., Town Attorney
Jayme Lopko, Senior Planner & Planning Commission Coordinator
Brian Hulbert, Staff Attorney
Charles Cousins, Director Community Development
Jennifer Ray, Urban Designer
Kathleen Carlin, Secretary

1. Call to Order

2. Pledge of Allegiance to the Flag

3. Roll Call

4. Presentation of Crystal Awards to outgoing Planning Commissioners:

Ms. Gail Quick, Mr. Terry Ennis, Mr. Tom Lennox and Mr. Brian Witmer

Mayor Drew Laughlin presented the Town's Crystal Award to outgoing Chairman Gail Quick and outgoing Commissioners Terry Ennis, Tom Lennox and Brian Witmer. Mayor Laughlin stated his appreciation to the outgoing Planning Commissioners for their service to the community on behalf of Town Council and the Town of Hilton Head Island.

5. Freedom of Information Act Compliance

Public notice of this meeting has been published and posted in compliance with the Freedom of Information Act and Town of Hilton Head Island requirements.

6. Approval of Agenda

The agenda was **approved** as presented by general consent.

7. Approval of Minutes

The Planning Commission **approved** the minutes of the regular June 4, 2014 meeting as submitted by general consent.

8. Appearance by Citizens on Items Unrelated to Today's Agenda

a) Mr. Jim Collett, Chairman of the Telecommunications Taskforce, presented statements in concern of the proposed setback requirements for cell towers. Mr. Collett requested that the language be restored to the original language that was approved two years ago. The proposed language is in conflict with some of the previously agreed upon improvements to the permitting process for cell towers. Chairman Quick presented statements regarding the

issue of technology vs. aesthetics on Hilton Head Island. Commissioner Ennis presented statements in concern of the need to balance technology and aesthetics on the island. A creative solution to the problem needs to be found.

b) Mr. David Martin, business owner of Piggly Wiggly, reiterated his concerns with the lack of adequate beach parking in the Coligny area. Mr. Martin encouraged the Town to take quick action to improve beach parking. This issue should be a priority “quick action” item.

Chairman Quick stated that she and Commissioner Lennox met recently with Town Manager Steve Riley in an effort to expedite beach parking at Coligny. The Town-owned property in Coligny known as the ‘bone yard’ will soon be available for additional temporary parking.

c) Chester C. Williams, Esq., presented statements regarding the issue of setback requirements for cell towers. Mr. Williams stated the need for everyone to follow the same rules for permitting cell towers (as currently proposed in the draft LMO.)

d) Mr. Jack Alderman presented public statements on behalf of the Vision Steering Committee regarding The Greater Island Council’s goals for the future of Hilton Head Island.

e) Ms. Deborah Urato, resident and local business owner, reiterated her concerns with the inadequate parking conditions at Coligny. Ms. Urato agreed with the need to quickly open up the ‘bone yard’ area for additional parking.

f) Mr. Peter Kristian, general manager of the Hilton Head Plantation’s POA, presented statements in opposition to the comments just presented by Chester C. Williams, Esq. regarding the proposed language for permitting cell towers. Cell towers should be considered a necessary utility on Hilton Head Island in this day and age and they need to should be treated as such.

g) Mr. Jeff Sickelstein, Coligny area business owner, presented statements in agreement with those presented by Mr. David Martin. The lack of adequate parking in Coligny is a critical issue and needs to be addressed quickly.

9. Unfinished Business

Public Hearing

- a) Repeal of existing Land Management Ordinance and Adoption of a new Land Management Ordinance as part of Title 16 of the Municipal Code.
- b) Repeal of existing Official Zoning Map and Adoption of a new Official Zoning Map as part of Title 16 of the Municipal Code.
- c) Amend Title 16 (Land Management Ordinance) of the Municipal Code, specifically Chapter 5, Article XVIII (Impact Fees). The only change to this article will be to re-number it in conjunction with the Land Management Ordinance Rewrite project.

Chairman Quick presented a brief background on this Unfinished Business item. The public hearing for the above referenced three business items began on June 4, 2014. Chairman Quick stated that the Planning Commission will begin with the issue of

Telecommunication setback requirements. Ms. Teri Lewis, LMO Official, will make this presentation to the Planning Commission. Following this introduction, Chairman Quick requested that Ms. Teri Lewis make her presentation.

Ms. Teri Lewis reported that at the public hearing on June 4, 2014, there was a brief discussion on the setbacks for Telecommunication Facilities. It was determined by the Planning Commission that additional discussion should be held on this topic at today's meeting. Ms. Lewis presented the following specific details related to this issue:

The LMO Rewrite Committee and the project's consultant, Clarion Associates, have been working diligently over the past three years to rewrite the Town's Land Management Ordinance. As part of their work, the LMO Rewrite Committee reviewed the existing conditions related to Telecommunications Facilities.

Some of the conditions related to setbacks for Telecommunication Facilities were amended in July, 2012 based on recommendations from the Telecommunications Task Force. Among other changes, the setbacks for Telecommunications Facilities from the Ocean & Coastal Resource Management (OCRM) Base Line and Critical Line and from publicly owned rights-of-way were reduced from *the tower height divided by .35 to the fall zone plus 20 feet*.

The LMO Rewrite Committee spent quite a bit of time discussing the protection of 'edge conditions' – those areas along our major thoroughfares and waterways; as part of this discussion it was determined that a greater setback was needed for Telecommunication Facilities along the major and minor arterials and along the water in an effort to protect the aesthetics of the edge conditions. It is for this reason that the proposed setbacks for Telecommunication Facilities are as follows:

- Setbacks from OCRM Base Line, Critical Line and Major Arterials: *setback a minimum distance equal to the overall height of the tower*
- Setbacks from Minor Arterials: *setback a minimum distance equal to 80 percent of the height of the tower*

The Planning Commission and Ms. Lewis discussed the issue of aesthetics as it relates to the protection of edge conditions. Chairman Quick then requested opening public comments on this issue and the following statements were received:

Mr. Jack Mitchell, Regional Director of External Legislative Affairs, ATT, presented statements regarding the issue of aesthetics and the modifications made to cell towers. Mr. Mitchell and the Planning Commission discussed the need for quality telecommunications service on the island.

Mr. Jim Collett, presented statements in opposition to the comments presented previously by Chester Williams, Esq. The need for clarity in the rules and permitting process is very important.

Mr. Richard Pattisall, Sea Pines resident, presented statements in support of Mr. Collett's statements for the need for increased telecommunications on Hilton Head Island. The issues of safety and aesthetics in telecommunications were included. This completed today's discussion regarding cell towers.

Chairman Quick then requested that Mr. Tom Crews, Chairman of the LMO Rewrite Committee, make his presentation to the Planning Commission.

Mr. Crews stated that the intent of the Coligny redevelopment process has taken a lot of discussion on the committee's part. One of the charges from TC was to encourage redevelopment in Coligny.

Mr. Crews presented an overhead review of the following issues: building setbacks and height. The proposed language relates to a build to line (which is different than a setback line.) Mr. Crews reviewed the differences between a build to line and a setback line. The committee recommends the use of two different types of setbacks. The recommended setback on Pope Avenue and South Forest Beach is 30-ft. The committee recommends that other streets have a setback of 20-ft. This is in lieu of the committee's previous recommendation.

Mr. Crews then discussed the issue of height and scale. The only way to increase density in the Coligny commercial district is in height. The current height limitation is 45-ft. Mr. Crews discussed the committee's concerns with increasing the height limitation to 65-75 feet. Mr. Crews recommended that the building footprint could rise to 65-ft. in height. The goal of this is to increase some balance and variety without sacrificing the aesthetics of the area.

Commissioner Ennis and Mr. Crews discussed the proposed language and potential next steps for the Planning Commission. The expectation is for the Planning Commission to be prepared to vote on setbacks and heights.

Ms. Teri Lewis presented background statements on setback requirements for Coligny. If the Planning Commission feels prepared, they may vote on the proposed changes today.

Mr. Charles Cousins presented statements regarding setback requirements and right of way in Coligny on behalf of staff. Mr. Crews and the Planning Commission discussed the consideration of height and density in the Coligny district. Vice Chairman Bennett and Mr. Crews discussed the issue of height as it relates to the character of Coligny. A variety of height was included in the discussion. Mr. Crews stated that his presentation is not being made on behalf of the entire LMO Rewrite Committee. The presentation is made based on Mr. Crews' long-term experience as an architect on the island. Commissioner Lennox stated that the proposal has an economic impact on the property owner or developer if the relaxed standards are adopted.

Commissioner Witmer and Vice Chairman Bennett presented statements in concern of the existing lack of adequate parking in the Coligny area even without considering redevelopment. Commissioner Ennis stated his appreciation to Mr. Crews and stated that he believes that this is a good idea.

Chairman Quick stated that the Planning Commission's charge today is to approve the LMO language, approve the LMO language with conditions, and disapprove the LMO language. The Planning Commission would be forwarding a recommendation for approval by Town Council of the entire package as a whole (rather than separating it into parts.)

The Planning Commission discussed separating the package – approve the portion that can be forwarded and holding back the Coligny district at this time until the outstanding items can be worked out. Chairman Quick requested that Curtis Coltrane weigh in on this suggestion.

Mr. Coltrane stated that the Planning Commission can forward the entire LMO to Town Council with a recommendation of approval if they wish or they may forward only a portion of the LMO to Town Council and hold back the Coligny portion if they wish. Mr. Coltrane presented some draft legal language on this issue to the Planning Commission for their consideration. The proposed language is with regard to the 20-ft and 30-ft. setbacks.

Vice Chairman Bennett and Mr. Tom Crews discussed the need to fine-tune some of the proposed language before it reaches Town Council. Mr. Crews stated that he will work on the proposed language regarding height in an effort to meet the Planning Commission's concerns.

Chairman Quick then requested public comments and the following were received: (1) Chester Williams, Esq., presented general comments regarding the proposed new regulations.

Chairman Quick stated that they are still two outstanding issues before the Planning Commission. One is telecommunications issue and the second is setback requirements for the Coligny district. Chairman Quick recommended that the Planning Commission vote on each of the Unfinished Business issues separately.

Mr. Coltrane recommended that the public hearing on these issues remain open to the next meeting. Mr. Coltrane recommended that the Planning Commission complete their review all at one time. The Planning Commission will hold off and be prepared to take a vote on the completed project at the next meeting. Ms. Lewis stated that Council Chambers is available next Wednesday, June 25, 2014. If a quorum of Planning Commissioners is available to attend a meeting on that date. Chairman Quick requested that Mr. Coltrane complete his presentation on today's two Unfinished Business items.

Mr. Coltrane stated that the next item to be reviewed is the list of changes to the LMO that have been made since the beginning of the public review draft. Mr. Coltrane stated that a number of these changes are not substantive. Mr. Coltrane presented a review of the changes. Following this review, Chairman Quick requested public comments and the following were received: (1) Chester Williams, Esq., presented brief comments regarding the proposed changes. Following public comments, Chairman Quick requested that a motion be made.

Vice Chairman Bennett made a **motion** that the Planning Commission **approve** the minor recommended changes to the draft LMO as presented by Curtis Coltrane, Esq. Commissioner Ennis **seconded** the motion and the motion **passed** with a vote of 9-0-0.

Mr. Coltrane then stated that a question was previously raised by the Planning Commission regarding the issue of conditional zoning. Conditional zoning deals with whether or not the Planning Commission can place conditions on their review of a rezoning application. Mr. Coltrane and the Planning Commission reviewed the existing and the proposed LMO

language. Mr. Coltrane stated that conditions are allowed if it is determined that such conditions are necessary to ensure compliance with the code. It does not provide for the Planning Commission to draft conditions that are not stated in the code. Vice Chairman Bennett and Mr. Coltrane discussed the issue of conditional uses as identified in the LMO and State Code. Vice Chairman Bennett stated that he is not in favor of the issue.

Chairman Quick invited additional public comments and the following were received: (a) Mr. David Ames, LMO Rewrite Committee member, presented statements in regard to the cell tower issue and the protection of edge conditions. The need for advanced telecommunications is absolutely vital to Hilton Head Island. Mr. Ames also presented comments regarding the Coligny discussion. Additional understanding by the Planning Commission on this issue is needed; (b) Ms. Jocelyn Steiger, Government Affairs Director, Realtors' Association, presented a number of recommendations for changes to the draft LMO, particularly as related to home ownership and housing development; (c) Mr. Peter Kristian, General Manager, Hilton Head Plantation, POA, presented statements regarding the need to test some of the proposed changes in the LMO, particularly related to Coligny.

Ms. Teri Lewis inquired if a quorum of Planning Commissioners is available on Wednesday, June 25th at 9:00a.m. A number of Planning Commissioners stated that they are available to meet at that time (a quorum of members.) Today's public hearing will remain open until that day. Chairman Quick asked Mr. Tom Crews if the LMO Rewrite Committee might be able to meet prior to the June 25th meeting date in order to clarify their position. Ms. Lewis stated that she will work with the LMO Rewrite Committee members later today to set up a meeting date.

Chairman Quick stated that the next business item is approval of the proposed revisions to the Rules of Procedure. Mrs. Jayme Lopko made the presentation on behalf of staff. Mrs. Lopko reviewed the proposed changes including those to the submission of new materials and to Appeals. Commissioner Bryan Hughes presented brief comments in support of the proposed revisions. Following this discussion, Chairman Quick requested public comments and none were received. Chairman Quick then requested that a motion be made.

Commissioner Witmer made a **motion** to **approve** the proposed revisions to the Rules of Procedure as presented by staff. Commissioner Carstens **seconded** the motion and the motion **passed** with a vote of 9-0-0. *Commissioner Carstens excused himself from the remainder of the meeting at this time.*

10. **New Business**

None

11. **Commission Business**

(a) **Appointment of a Nominating Committee for the election of Officers**

Chairman Quick requested that Commissioner Lennox, Chairman of the Nominating Committee, make his report to the Planning Commission. Commissioner Lennox stated that the Nominating Committee met on June 9, 2014 for the purpose of Nominating officers for the upcoming term, July 1 – 2014 – June 30, 2015. Commissioner Alex Brown is nominated to serve as Vice Chairman for the new term and Commissioner David Bennett is

nominated to serve as Chairman for the new term. Chairman Quick thanked Commissioner Lennox and requested that a motion be made.

Commissioner Taylor made a **motion** to **appoint** Commissioner David Bennett as Chairman and Commissioner Alex Brown as Vice Chairman for the new term, July 1, 2014 – June 30, 2015. Commissioner Hughes **seconded** the motion and the motion **passed** with a vote of 8-0-0.

Chairman Quick then requested that a motion be made to appoint Ms. Kathleen Carlin as Secretary of the Planning Commission for the term of July 1, 2014 – June 30, 2015.

Commissioner Lennox made the **motion** to **appoint** Ms. Carlin as Secretary for the new term. Commissioner Ennis **seconded** the motion and the motion **passed** with a vote of 8-0-0.

12. Chairman's Report

Chairman Quick stated that she will save her Chairman's Report until the June 25, 2014 meeting.

13. Committee Reports

None

14. Staff Reports

a) Staff presented the Quarterly Report.

b) Staff update on the Coligny Project

Ms. Jennifer Ray made the presentation on behalf of staff. Ms. Ray stated that last week the team prepared some traffic counts in association with the LMO's requirements for a certain time of the year. The traffic and parking counts, including Coligny pedestrian and vehicular traffic counts, should be available in July.

15. Adjournment

There being no further business, the meeting was adjourned at 6:00p.m.

Submitted By:

Kathleen Carlin
Secretary

Approved By:

Gail Quick
Chairman



TOWN OF HILTON HEAD ISLAND COMMUNITY DEVELOPMENT DEPARTMENT

One Town Center Court

Hilton Head Island, SC 29928

843-341-4757

STAFF REPORT ZONING MAP AMENDMENT

Case #:	Name of Project or Development:	Public Hearing Date:
ZA-000659-2014	Shelter Cove Towne Centre Apartments	July 2, 2014

Parcel Data or Location:		Applicant/Agent
District R520, Parcel 26, Tax Map 12B 42.25 acres	District R520, Parcel 2, Tax Map 12C (<i>portion of</i>) Approximately 9.3 acres	
<p><u>Existing and Proposed Zoning District</u> PD-1; Palmetto Dunes Resort Master Plan (no change)</p> <p><u>Existing and Proposed Master Plan Land Use Designations</u> Multifamily Residential, Community Park, and Commercial, excluding uses restricted by LMO 16-4-209, but permitting Liquor Stores and Gas Sales (no change)</p> <p><u>Applicable Overlay District</u> Corridor Overlay</p> <p><u>Existing Density</u> 295,000 square feet of Commercial density and 76 Multifamily dwelling units</p> <p><u>Proposed Density</u> 295,000 square feet of commercial density (no change) and up to 50 Multifamily dwelling units (provided that there will be no more than 240 total Multifamily units on both properties in this request)</p>	<p><u>Existing and Proposed Zoning District</u> PD-1; Palmetto Dunes Resort Master Plan (no change)</p> <p><u>Existing and Proposed Master Plan Land Use Designations</u> Multifamily Residential and Community Park (no change)</p> <p><u>Applicable Overlay District</u> Corridor Overlay</p> <p><u>Existing Density</u> 134 Multifamily dwelling units</p> <p><u>Proposed Density</u> Up to 210 Multifamily dwelling units (provided that there will be no more than 240 total Multifamily units on both properties in this request)</p>	<p>Victor J. Mills on behalf of Shelter Cove Towne Centre, LLC and Shelter Cove II, LLC</p>

Application Summary:

Victor J. Mills on behalf of Shelter Cove Towne Centre, LLC and Shelter Cove II, LLC has submitted a request to amend the Palmetto Dunes Resort Master Plan to reallocate the multifamily density and allow for flexibility in assigning density in the following manner:

- decrease the number of multifamily dwelling units (apartments) on the west side (Property One) of the development (76 up to 50);
- increase the number of multifamily dwelling units on the eastern side (Property Two) of the development (134 up to 210);
- the aggregate total of dwelling units for both properties would not exceed 240 units; and
- no other changes to the Master Plan land use designations and associated densities for the properties.

Staff Recommendation:

Staff recommends that the Planning Commission find this application to be consistent with the Town’s Comprehensive Plan and serves to carry out the purposes of the LMO, based on those Findings of Facts and Conclusions of Law as determined by the LMO Official and enclosed herein; making the recommendation to Town Council of **APPROVAL** of the request.

Other Related Commission or Committee Recommendations and Background:

- On **December 21, 2010** Town Council approved by resolution, ‘Shelter Cove Mall Redevelopment: Conceptual Plan Direction and Town’s Role’ as a High Priority Target for Action.
- On **December 20, 2011**, Town Council approved by resolution, ‘Shelter Cove Area Redevelopment: Determine Town’s Role, and Approve a Plan’ as a Top Priority Target for Action.
- On **October 16, 2012** Town Council approved a Development Agreement between Shelter Cove Towne Centre, LLC and the Town of Hilton Head Island for the redevelopment of the Mall at Shelter Cove, now known as Shelter Cove Towne Centre that includes commercial uses, multifamily residential (apartments), and a relocated waterfront Community Park.

Background:

The Master Plan for Palmetto Dunes Resort was initially approved by Beaufort County in 1975 and was subsequently approved by the Town when Hilton Head Island incorporated in 1983. This plan did not assign site specific densities; but rather, the amount of commercial square footage and/or acreage that could be developed within the entire Master Plan was limited to 750,000 square feet or 110 acres.

In 1986, the plan was amended to assign the density to specific parcels and the Mall site was assigned **235,000** square feet and the Mall out-parcels were assigned **16,000** square feet; the common space in the mall (hallways, etc) was determined by the Planning Commission to not count toward the assigned density; a total of **251,000** square feet for the total area.

In 1992, an Order of Settlement related to a court case transferred 12,300 square feet from Outparcels I and II, and Parcel C to the larger Mall parcel (**247,300** total square feet) and restricted Outparcel II and Parcel C to no vertical construction. Outparcel I retained **3,700** square feet of commercial density; still retaining a total of **251,000** square feet of commercial density for the entire site.

In 1998, a rezoning was approved that transferred **23,000** square feet of density from elsewhere in the PUD and required that all of the parcels (Outparcels I, II, and Parcel C) be combined to one. This resulted in a total of **274,000** square feet of commercial density (**247,300** sq ft + **3,700** sq ft + **23,000** sq ft).

In January 2004, through an administrative rezoning, the existing Shelter Cove Community Park was approved as Community Park with 6,000 square feet per net acre to be consistent with the PR district regulations as specified in LMO 16-4-1601 from the previous designation of **257 dwelling units**.

On July 7, 2009, Town Council approved a request to amend the Master Plan for the Mall (adding **40,000** sq ft) property for a total of **314,000** square feet of commercial uses, of which **46,000** square feet was to be designated particularly for cinema complex use and to allow community service uses in addition to commercial uses except as limited in LMO 16-4-209.

On October 16, 2012, Town Council approved both a Development Agreement as well as an amendment to the Palmetto Dunes Resort Master Plan. The Development Agreement includes specific information related to the redevelopment project, including a conceptual site plan. The current Master Plan land use designations for the properties are:

Property One:

- **295,000** square feet of Commercial uses excluding uses restricted by LMO 16-4-209, but permitting liquor stores and gas sales, Community Park, and **76 Multifamily dwelling units**.

Property Two:

- Community Park and **134 Multifamily dwelling units** (on a portion of the Town owned parcel, a portion of the current Shelter Cove Community Park).

Since the commencement of the commercial portion of the project, additional site planning has been examined for the apartments. The applicant has requested a shift and overall increase in the number of units from the west side of the development to the east. This will involve the construction of an internal multi-level parking garage for the apartments on the east side of the development.

Town Council will hold two public hearings on requested modifications in the Development Agreement that are associated with this request, which will be held at the same time as 1st and 2nd Readings for this zoning map amendment.

Applicant's Grounds for ZMA, Summary of Facts and Conclusions of Law:

The applicant's narrative and application materials describe the overall addition of 30 multifamily dwelling units as filling a need from the significant lack of apartments on Hilton

Head Island. They state that the apartments will contribute to the economic tax base of the Town and will help sustain the current and future population and overall property values.

The applicant further describes this as a public benefit that meets the expectations of the citizens of Hilton Head Island in creating the place that is envisioned by the Town of Hilton Head Island Comprehensive Plan dated May 4, 2010.

Summary of Facts and Conclusions of Law:

Findings of Facts:

- The application was submitted as set forth in LMO 16-3-306.
- Notice of the Application was published in the Island Packet on May 25, 2014 as set forth in LMO 16-3-110 and 16-3-111.
- Notice of the Application was posted on May 27, 2014 and mailed as set forth in LMO 16-3-110 and 16-3-111.
- A letter was mailed soliciting comments from the property owners' association as set forth in LMO 16-3-1502.
- A public hearing will be held on July 2, 2014 as set forth in LMO 16-3-1504A.
- The Commission has authority to render their decision reached here in LMO 16-3-1504.

Conclusions of Law:

- The application was submitted on May 7, 2014, 56 days prior to the Planning Commission's public hearing, therefore in compliance with the 45 day requirement.
- Notice of the application, including the required information was posted 36 days prior to the public hearing, therefore in compliance with the 30 day requirement.
- The public notice was posted in the Island Packet, the local newspaper of general circulation on Sunday, May 25, 2014, 38 days prior to the public hearing, therefore in compliance with the 30 day requirement.
- Five public hearing signs were posted along Shelter Cove Lane and the intersections of Shelter Cove Lane and William Hilton Parkway by the Town's Facilities Division 36 days prior to the public hearing therefore in compliance with the 30 day requirement.
- Town staff received an affidavit dated June 3, 2014 on June 5, 2014, 27 days prior to the public hearing from the applicant stating that the letters were mailed according to the LMO, therefore in compliance with the requirement that it must be submitted 7 days prior to the public hearing.
- The application, notice requirements, and public hearing comply with the legal requirements as set forth in LMO 16-3-110, 16-3-111 and 16-3-1504.

As set forth in Section 16-3-1505, Zoning Map Amendment Review Criteria, the Commission shall consider and make findings on the following matters regarding the proposed amendment.

Summary of Facts and Conclusions of Law:

Criteria 1: Consistency (or lack thereof) with the Comprehensive Plan (LMO 16-3-1505A):

Findings of Facts:

The adopted Comprehensive Plan addresses this project in the following areas:

Housing Element

Implications for the Comprehensive Plan 5.1 – Housing Units and Tenure

Although, an increase in the total number of housing units contributes to the economic tax base for the Town, it is important that both the quantity as well as quality of the housing stock is maintained to sustain current and future population and overall property values. As the amount of available land declines for new development, it will be very important to maintain a high quality housing stock on residential properties. In addition, the availability of various housing types is important for the housing market viability to accommodate the diverse needs of the Island’s population.

Community Facilities Element

Implications for the Comprehensive 6.4 – Town Acquired Property

As the number of Town-owned properties continues to increase careful consideration of future utility is important to long range planning efforts.

Goal 6.1 – Build-out

A. The goal is to provide innovative and visionary initiatives that mitigate challenges of growth and redevelopment while making available higher levels of service for community facilities in a fiscally responsible manner.

Goal 6.4 – Town Acquired Property

B. The goal is to assess the utility and character of Town acquired property.

Economic Development Element

Potential Strategies with Implications for the Comprehensive Plan

Identify and prioritize areas in need of re-development including any obsolete, or run down, commercial buildings. Incentivize the development of flexibility of streamlining in regulation of density caps, setbacks (and other controls) that enable a qualitative, principle based, asset revitalization that enhance the Island’s positive legacies.

Land Use Element

Implications for the Comprehensive 8.2 – Town Acquired Property

Building permit data is indicative of several factors, one being the state of the economy as well as current building needs and growth in both residential and commercial types. The data indicates that there is currently a downward trend in the number of building permits issued by the Town. Redevelopment of our existing built environment and infill development should be a focus for the future development of our community, while the Town has entered a more mature level of development.

Goal 8.11 – Six Land Use Goals in Town Plan

- 4. Promote quality infill development and use redevelopment opportunities to promote more pedestrian friendly retail environments.

Goal 8.1 – Existing Land Use

- A. The goal is to have an appropriate mix of land uses to meet the needs of existing and future populations.

Goal 8.3 – Planned Unit Developments (PUD’s)

- B. The goal is to have an appropriate mix of land uses to accommodate permanent and seasonal populations and existing market demands is important to sustain the Town’s high quality of life and should be considered when amending PUD Master Plans.

Goal 8.4 – Existing Zoning Allocation

- A. An appropriate mix of land uses to accommodate permanent and seasonal populations and existing market demands is important to sustain the Town’s high quality of life and should be considered when amending the Town’s Official Zoning Map.

Goal 8.5 – Land Use Per Capita

- A. The goal is to have an appropriate mix and availability of land uses to meet the needs of existing and future populations.

Goal 8.10 – Zoning Changes

- A. The goal is to provide appropriate modifications to the Zoning designations to meet market demands while maintaining the character of the Island.

Goal 8.6 – Build-out

- A. The goal is to monitor land use consumption and conversion rates to maintain a proper balance of public infrastructure, private development, and land conservation.
- B. The goal is to consider develop regulations and requirements to maintain the Island character and meet the needs of the community as it approaches build out.

Goal 8.10 - Zoning Changes

- A. The goal is to provide appropriate modifications to the Zoning designations to meet market demands while maintaining the character of the Island.

Implementation Strategy 8.3 - Planned Unit Developments (PUDs)

- A. Consider flexibility within the PUDs to address appropriate commercial or service land uses in areas with a high residential concentration.

Implementation Strategy 8.10 – Zoning Changes

- B. Consider focusing higher intensity land uses in areas with available sewer connections.

Transportation Element

Implications for the Comprehensive 9.3 – Traffic Planning on the Island

Future development and zoning classifications have an impact on the potential build-out of properties on the Island. Increasing the density of properties in certain areas of the Town may not be appropriate due to the inability of the current transportation network

to handle the resulting additional traffic volumes. It may be more appropriate to provide density in areas that have the available roadway capacity and to reduce densities or development potential in areas that do not have the appropriate roadway capacity.

Conclusions of Law:

Staff concludes that this application is consistent with the Comprehensive Plan, as described in the Housing, Community Facilities, Economic Development, Transportation and Land Use Elements as set forth in LMO Section 16-3-1505A below.

- The proposed rezoning promotes the redevelopment of an existing site in an area where the infrastructure is adequate and reduces the potential for additional impacts on infrastructure in other areas of the Island by decreasing the total number of units adjacent to a residential community to a further location within the development.
- This rezoning contributes more units to a more diverse supply of high quality housing options on the Island by allowing the development of residential uses, which will result in the addition of long term rental units to the market that are currently very limited in number, but growing in demand.
- This rezoning takes into the consideration the special utility of Town-owned property by using a portion of the existing Shelter Cove Community Park property in a public/private partnership for the redevelopment of the Mall into a new mixed use development with an improved public waterfront park more centrally located and integrated into the development. This will result in increased frontage along Broad Creek for the park and improved public access to the Island's largest tidal creek, making available higher levels of service for public open space in a fiscally responsible manner.
- This rezoning will enable a qualitative, principle based, asset revitalization that enhances the Island's positive legacies by furthering the redevelopment to include more apartments to meet a diverse need of options.

Staff concludes that the application is consistent with the Comprehensive Plan as described above. Staff recognizes that 30 additional units will result in more trips; however:

- Results from the Traffic Study dated June 25, 2012 for the redevelopment of the Mall (Shelter Cove Towne Centre) indicated that there were existing transportation deficiencies. The report also included modifications that should be considered regardless of future development in the area.
- Information from the revised traffic study states that the resulting difference in generated traffic is very small and the recommended modifications remain relatively unchanged.

Summary of Facts and Conclusions of Law:

Criteria 2: Compatibility with the present zoning and conforming uses of nearby property and with the character of the neighborhood (LMO16-3-1505B):

Findings of Facts:

- The present zoning of adjacent properties is PD-1, Palmetto Dunes Resort Master Plan with a mix of land use designations including commercial, community park, office/commercial, and multifamily residential.
- According to LMO 16-4-209 ‘The purpose of this Planned Development Mixed Use District is to recognize the existence within the Town of certain unique mixed use Planned Unit Developments (PUDs) which are greater than 250 acres in size. Generally, these PUDs have served to establish the special character of Hilton Head Island as a quality resort and residential community and it is the intent in establishing this District to allow the continuation of well-planned development within these areas.’
- The subject property and properties in the vicinity are within the COR District, Corridor Overlay District.
- According to LMO 16-4-501 ‘The purpose of establishing this overlay district is to protect the aesthetic and visual character of lands on Hilton Head Island adjacent to the major roads, the waterfront, and the marsh front, as defined herein. In particular, the purpose of the Corridor Overlay District is to encourage and better articulate positive visual experiences along the Island’s major roads, the waterfront, and the marsh front; to provide for the continued safe and efficient utilization of these roads; and to provide for the continued preservation and conservation of the waterfront and marsh front. This will be accomplished through evaluation of proposed developments within this district by a Design Review Board.’

Conclusions of Law:

- Staff concludes that the present zoning and conforming uses of nearby properties are compatible with the character of the neighborhood as set forth in LMO 16-3-1505B because they are a mix of uses as stated in the purpose statement of the PD-1 zoning district.
- The DRB (Design Review Board) reviews all development in the vicinity of the property according to the Design Guidelines for Hilton Head Island to ensure the compatibility of the developments with the character of the neighborhood.

Summary of Facts and Conclusions of Law:

Criteria 3: Suitability of the property affected by the amendment for uses permitted by the district that would be made applicable by the proposed amendment (LMO 16-3-1505C):

Findings of Facts:

- The PD-1 zoning district allows for a mix of uses as designated specifically on the associated Master Plans.
- There are no changes to the land use designations for this development. This is a rezoning to increase the overall number of dwelling units while providing for flexibility.
- The west side of the development would be designated for a maximum of 50 multifamily dwelling units with no other changes to the existing land use designations and associated densities.
- The existing portion of the Town owned property would be designated for a community park and up to 210 multifamily dwelling units.

- The aggregate total of dwelling units would not exceed 240 on both properties.

Conclusion of Law:

- The proposed commercial uses are the same type of commercial uses that are characteristic of the area. The property is also suitable for apartments and residential uses due to the proximity to other residential uses in the area and immediately adjacent to the property.

Summary of Facts and Conclusions of Law:

Criteria 4: Suitability of the property affected by the amendment for uses permitted by the district applicable to the property at the time of the proposed amendment (LMO 16-3-1505D):

Findings of Facts:

- The existing uses and associated densities for this property will remain unchanged with the exception of the density of the multifamily dwelling units.
- The multifamily density closest to the Newport Community (Property One) will decrease by at least 26 units, from 76 to 50.
- The multifamily density on Property Two (portion of Town owned property), closest to the Community Park and Veterans Memorial Park will increase by a maximum of 76 units, from 134 to 210.
- The two properties (Mall parcel and the portion of the Town owned parcel) in total size are greater than 50 acres in size and are bound by Broad Creek and William Hilton Parkway, and residential, commercial and public park space.

Conclusions of Law:

- A mix of all neighboring uses is appropriate for the site and is compatible with the surrounding uses since this development will encompass a mix of commercial, residential and public open space.
- The shift of units further from the nearest residential development (Newport Community) to a location that is surrounded by commercial uses and the relocated Shelter Cove Community Park is more appropriate. This will lessen the impact on neighboring residences.

Summary of Facts and Conclusions of Law:

Criteria 5: Marketability of the property affected by the amendment for uses permitted by the district applicable to the property at the time of the proposed amendment (LMO 16-3-1505E):

Findings of Facts:

- No uses that are currently allowed on the property are proposed to be removed.
- Additional units available for rent will provide for more opportunities for residences.

Conclusion of Law:

- The approval of this request would increase the availability of apartments and therefore marketability of the property with the additional units. The redevelopment of property will also affect the marketability, in what is expected to be a positive direction.

Summary of Facts and Conclusions of Law:

Criteria 6: Availability of sewer, water and stormwater facilities generally suitable and adequate for the proposed use (LMO 16-3-1505F):

Findings of Facts:

- The property is within the Broad Creek Public Service District which currently serves the development.
- Stormwater facilities are in place for the existing development as well as the Park.

Conclusions of Law:

- Staff concludes that this property has available sewer and water facilities suitable and adequate for the proposed uses as set forth in LMO Chapter 3, Article XV.
- The adequacies of the storm water facilities and all other infrastructure will be reviewed as part of the DPR (Development Plan Review) and will be installed to comply with the LMO Chapter 5, Article VI.

LMO Official Determination

While staff has concerns over additional trips that will be generated, staff determines that overall this application is ***consistent with the Comprehensive Plan and serves to carry out the purposes of the LMO as based on the Findings of Fact and Conclusions of Law.***

Note: If the proposed amendment is approved by Town Council, such action shall be by ordinance to amend the Official Zoning Map. If it is denied by Town Council, such action shall be by resolution.

PREPARED BY:

HLC

6/12/14

DATE

Heather L. Colin, AICP
Development Review Administrator

REVIEWED BY:

TBL

6/13/14

DATE

Teri B. Lewis, AICP
LMO Official

REVIEWED BY:

JL

6/12/14

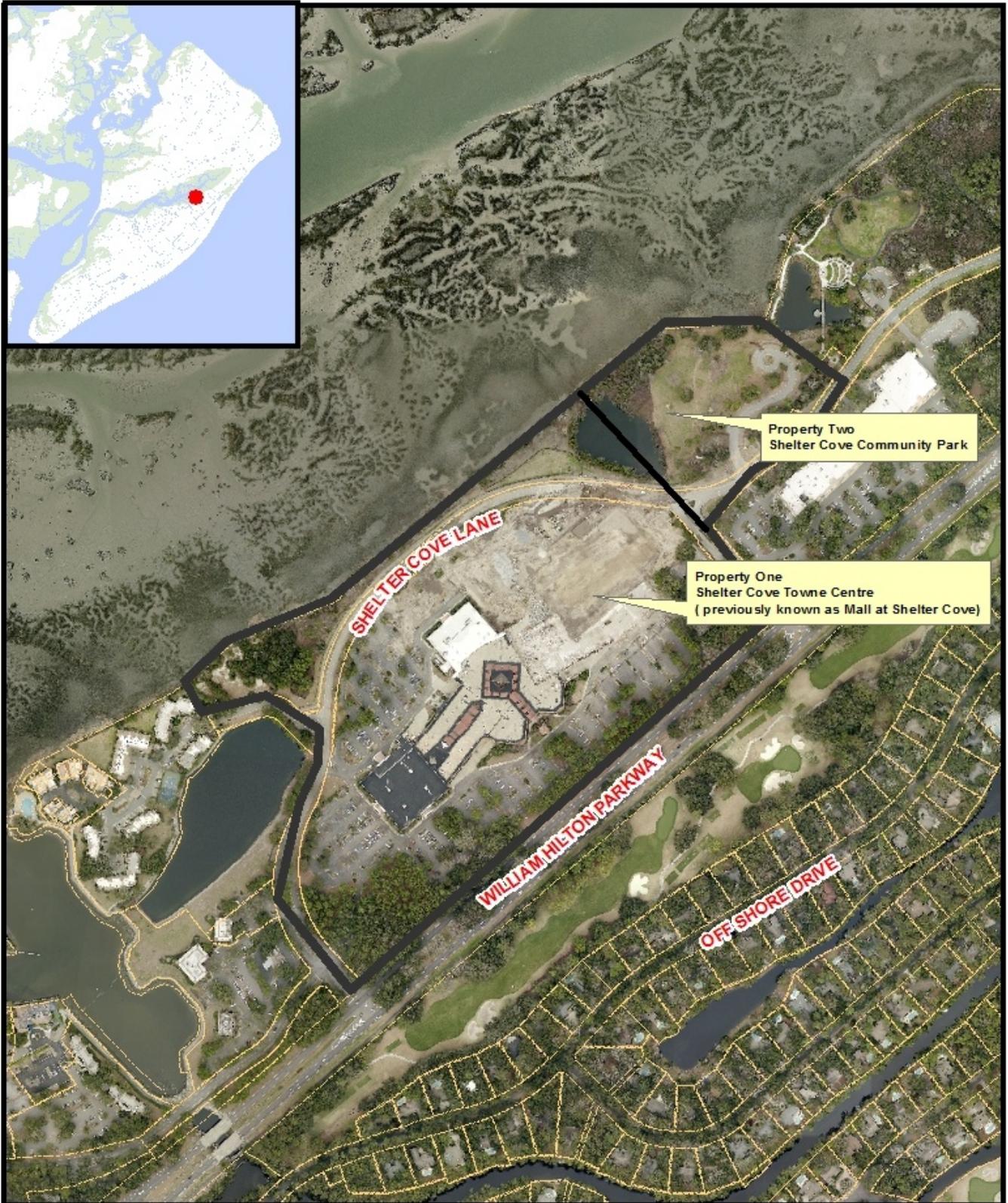
DATE

Jayne Lopko, AICP
Senior Planner & Planning Commission Coordinator

ATTACHMENTS:

- A) Location Map
- B) Applicant’s Narrative and Attachments

Attachment A - Location Map



Property Two
Shelter Cove Community Park

Property One
Shelter Cove Towne Centre
(previously known as Mall at Shelter Cove)


TOWN OF HILTON HEAD ISLAND
ONE TOWN CENTER COURT
HILTON HEAD ISLAND, S.C. 29928
PHONE (843) 943-6000

Town of Hilton Head Island
ZA-000659-2014 - Location Map



0 50 100 150 Feet

This information has been compiled from a variety of unverified general sources at various times and as such is intended to be used only as a guide. The Town of Hilton Head Island assumes no liability for its accuracy or state of completion. Map created May 15, 2014.



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: 5/7/14
 Accepted by: [Signature]
 App #: ZMA
 Meeting Date: 7/2/14

Applicant/Agent Name: Victor J. Mills Company: Shelter Cove Towne Centre, LLC and Shelter Cove II, LLC
 Mailing Address: 2743 Perimeter Parkway, Bldg. 100, Suite 370 City: Augusta State: GA Zip: 30909
 Telephone: (706) 854-6711 Fax: (706) 722-6960 E-mail: vicm@bcccommercial.com

Project Name: The Mall at Shelter Cove Project Address: 24 Shelter Cove Lane, Hilton Head, SC
 Parcel Number [PIN]: R 5 2 0 0 1 2 0 0 B 0 0 2 6 0 0 0 0 29926
 Zoning District: PD-1 Overlay District(s): Requested District: Same
 PD-1 Existing Land Use: Commercial PD-1 Proposed Land Use: Increase multi-family residential dwelling units to 240

ZONING MAP AMENDMENT (ZMA) SUBMITTAL REQUIREMENTS

Digital Submissions may be accepted via e-mail by calling 843-341-4757. The following items must be attached in order for this application to be complete:

- Affidavit of Ownership and Hold Harmless Permission to Enter Property
- A narrative that explains the reason(s) for the rezoning request and how the request meets the criteria of LMO Section 16-3-1505. Review Criteria.
- A copy of correspondence providing notice of a public hearing to all land owners of record within three hundred and fifty (350) feet on all sides of the parcel(s) being considered for the zoning map amendment. Such notice shall be mailed by first class mail thirty days (30) prior to the Planning Commission meeting per LMO Section 16-3-111C. Mailed Notice. A sample letter can be obtained at the time of submittal. Also provide a list of owners of record to receive notification. The Town can assist in providing this listing by calling 843-341-4757.
- Where applicable, a copy of correspondence requesting written comments from the appropriate property owners' association regarding the requested amendment per LMO Section 16-3-1502.B. The Town can assist in providing this information by calling 843-341-4757.
- A boundary map prepared and sealed by a registered land surveyor. Submit an 11X17 inch (or smaller) reproducible copy of the plan.
- Filing Fee - \$500 cash or check made payable to the Town of Hilton Head Island

Are there recorded private covenants and/or restrictions that are contrary to, conflict with, or prohibit the proposed request? If yes, a copy of the private covenants and/or restrictions must be submitted with this application. YES NO

To the best of my knowledge, the information on this application and all additional documentation is true, factual, and complete. I hereby agree to abide by all conditions of any approvals granted by the Town of Hilton Head Island. I understand that such conditions shall apply to the subject property only and are a right or obligation transferable by sale.

I further understand that in the event of a State of Emergency due to a Disaster, the review and approval times set forth in the Land Management Ordinance may be suspended.

SIGNATURE [Signature] VICTOR J. MILLS for
 Shelter Cove Towne Centre, LLC and
 Shelter Cove II, LLC

DATE 5-4-2014

STATE OF SOUTH CAROLINA)
)
)
)
COUNTY OF BEAUFORT) BEFORE THE PLANNING COMMISSION
) OF
) THE TOWN OF HILTON HEAD ISLAND,
) SOUTH CAROLINA

ATTACHMENT 1

**TO
THE ZONING MAP AMENDMENT APPLICATION**

**OF
SHELTER COVE TOWNE CENTRE, LLC
AND
SHELTER COVE II, LLC**

**FOR
AMENDMENT OF THE TOWN OF HILTON HEAD ZONING MAP PROVIDING FOR
THE REDUCTION OF THE ALLOWABLE MULTI-FAMILY RESIDENTIAL
DWELLING UNITS ON THAT CERTAIN 42.45 ACRE PORTION OF THE PARCEL
IDENTIFIED AS PARCEL 26 ON BEAUFORT COUNTY
TAX MAP 12B (THE "MALL TRACT") AND THE INCREASE IN THE NUMBER OF
MULTI-FAMILY RESIDENTIAL DWELLING UNITS ON PROPERTY OWNED BY
THE TOWN ("TOWN PARCEL") OF HILTON HEAD ISLAND
BEING A 9.3 ACRE PORTION OF THE PARCEL
IDENTIFIED AS PARCEL 12 ON BEAUFORT COUNTY
TAX MAP 12C ADJACENT TO THE MALL TRACT
(EXCEPT FOR THE AMENDMENT TO THE ZONING MAP APPLIED FOR HEREIN,
THE USES AND DENSITIES PROVIDED FOR IN ZMA #120006 REMAIN
UNCHANGED AND CONTINUE IN FULL FORCE AND EFFECT)**

This Attachment 1 is attached to and is made a part of the Zoning Map Amendment Application (this "Application") of Shelter Cove Towne Centre, LLC, and Shelter Cove II, LLC (the "Applicant"), and is submitted by the Applicant to the Planning Commission of the Town of Hilton Head Island (the "Town") to address the zoning map amendment criteria set forth in Section 16-3-1505 of the Town's Land Management Ordinance (the "LMO"). This Application seeks approval of an amendment to the Official Zoning Map of the Town referred to in LMO Section 16-4-102 by amending the Palmetto Dunes Resort Master Plan and its associated text to decrease the current number of multi-family residential units allowed on that 42.45 acre parcel

(Mall Tract) identified as Parcel 26 on Beaufort County Tax Map 12B (a ALTA survey thereof attached hereto and marked Exhibit "A") and to increase the number of multi-family residential units allowed on that 9.3 acre portion of the parcel ("Town Parcel") identified as Parcel 12 on Beaufort County Tax Map 12C (a survey thereof attached hereto and marked Exhibit "B").

This Zoning Map Amendment Application respectfully requests a reduction in the number of multi-family residential dwelling units allowed on the Mall Tract from 76 multi-family residential dwelling units to not more than 50 multi-family residential dwelling units and an increase in the number of multi-family residential dwelling units allowed on the Town Parcel from 134 multi-family residential dwelling units to not more than 210 multi-family residential dwelling units, provided, however, that the total number of multi-family residential dwelling units on the Mall Tract and the Town Parcel never exceed 240 multi-family residential dwelling units.

I. NARRATIVE – BACKGROUND

A. THE MALL TRACT

The Town originally issued a development permit for the construction of the Mall in 1986. At that time, a total of 235,000 square feet of commercial space was permitted for the Mall on one of the six original parcels that made up the Mall Tract.¹ Construction of the Mall was completed in 1988. The original plans for the development of the Mall Tract provided for a future expansion area of 30,000 square feet, which was not a part of the initial 235,000 square feet of commercial space permitted. In 1992 a court-ordered rezoning amended the PD Master Plan to provide for the transfer of 12,300 square feet of commercial density between parts of the

¹ Construction of the Mall itself was permitted on what was then the 33 acre main parcel of the Mall Tract. That 33 acre parcel, along with five (5) undeveloped parcels, formerly designated as Outparcel I, Outparcel II, Parcel C, Parcel D, and Parcel A-6, are what now makeup the 42.45 acres that are the Mall Tract.

Mall Tract, so that the Mall itself was allocated 247,300 square feet of fully developed commercial space, and one of the Mall Tract outparcels was allocated 3,700 square feet of undeveloped commercial space.²

In 1999 the Town Council approved Zoning Map Amendment Application ZMA-2-98 which enacted an amendment to the PD Master Plan that consolidated what were then the six (6) separate parcels into one parcel for zoning purposes, thereby combining the 3,700 square feet of undeveloped commercial space with the 247,300 square feet of developed commercial space, and transferred 23,000 square feet of commercial space to the Mall Tract from certain unallocated commercial density under the PD Master Plan controlled by Greenwood Development Corporation.³ On the 7th day of July, 2009, the Town Council approved ZMA 080005 increasing the Mall density by 40,000 square feet. As a result of the rezoning, the Mall was permitted for 314,000 square feet of commercial use, with 268,000 square feet being allocated for general commercial purposes and 46,000 square feet for cinema complex use; and Community Service uses.

On the 16th day of October, 2012, the Town Council approved ZMA #120006 modifying the use designations and associated density of the "Mall Tract" to 295,000 square feet of commercial uses, excluding uses listed in LMO Section 16-4-209, but permitting liquor store and

² See the Town's records on the PD Master Plan in general, and, in particular, the March 30, 1992 Order of Settlement in *HHI 71 Company v. Town of Hilton Head Island*, Case No. 89-CP-07-2055 in the Court of Common Pleas for Beaufort County, South Carolina.

³ On December 31, 1989, Greenwood Communities and Resorts, Inc., then known as Greenwood Development Corporation, transferred to the Cultural Council of Hilton Head Island, Inc., four tracts of land located in Shelter Cove which are now the site of the Arts Center of Coastal Carolina. Prior to the conveyance of that property by Greenwood Development Corporation to the Cultural Council of Hilton Head Island, Inc, the four parcels were rezoned by the Town Council to change the permitted use from commercial to art center. At that time, the commercial square footage which had been allocated to the four parcels then became unallocated, with Greenwood Development Corporation having the right to reassign that commercial square footage to other commercial parcels within the PD Master Plan area pursuant to a reletting application.

gas sales, 76 multi-family residential dwelling units and Community Park; and the “Town Parcel” to 134 multi-family residential dwelling units and Community Park.

B. THE REQUESTED REZONING

The Applicant is requesting that the PD Master Plan and the accompanying text be amended to decrease the maximum number of multi-family residential dwelling units on the Mall Tract from 76 multi-family residential dwelling units to not more than 50 multi-family residential dwelling units and to increase the allowable number of multi-family residential dwelling units on the Town Parcel from 134 to not more than 210 multi-family residential dwelling units, provided, however, that the total number of multi-family residential dwelling units on the Mall Tract and the number of multi-family residential dwelling units on the Town Parcel do not exceed 240 total multi-family residential dwelling units.

II. NARRATIVE – THE DEVELOPMENT AGREEMENT

This application shall precede the filing by Applicant of an Amended and Restated Development Agreement which amends and restates that certain Development Agreement between the Town of Hilton Head Island, South Carolina, and Shelter Cove Towne Centre, LLC, dated October 16, 2012, pursuant to the provisions of the South Carolina Local Government Development Agreement Act (Section 16-3-10, *et seq.* of the South Carolina Code of Laws (1976), as amended (the “Act”). The Amended and Restated Development Agreement is between the Town of Hilton Head Island, South Carolina (“Town”), and Shelter Cove Towne Centre, LLC, and Shelter Cove II, LLC (collectively, the “Developer”), and is amended to reflect the changes, if enacted by the Town, pursuant to this Application, to delete certain provisions of the original Development Agreement that have been completed since the Effective Date of the Development Agreement, and certain other changes not applicable under LMO Section 16-3-1502. Under the Act, the review and approval process for the Amended and

Restated Development Agreement is substantially the same as the process for the review and approval of this Application, although there are different requirements and standards applicable to each.

III. CURRENT AND PROPOSED PERMITTED USE AND DENSITY

The purpose of this Application is solely to amend the Town of Hilton Head Zoning Map to provide for a decrease in the number of multi-family residential dwelling units from 76 multi-family residential dwelling units to not more than 50 multi-family residential dwelling units on the Mall Tract and to increase the number of multi-family residential dwelling units allowed on the Town Parcel from 134 to 210, provided that the total number of multi-family residential dwelling units on both of the two aforementioned parcels shall never exceed 240 multi-family residential dwelling units. Except for the requested changes of the allowed density on the two parcels hereinabove described, all other terms, uses and densities pursuant to ZMA #120006 remain unchanged and unaffected.

IV. BENEFIT TO TOWN OF HILTON HEAD ISLAND RESULTING FROM REZONING REQUEST.

The 30 additional multi-family residential dwelling units requested herein come at a time when there continues to exist a significant lack of apartments for residents and visitors to Hilton Head Island to inhabit at a cost that is much less than the price points for other housing types, as the Town slowly emerges from the economic downturn that began in 2007. This entrepreneurial housing initiative will contribute to the economic tax base of the Town and help to sustain current and future population and overall property values. Additionally, the reduction in the number of multi-family residential dwelling units requested herein on the Mall Tract will lessen the impact of the multi-family residential dwelling units on the Mall Tract adjacent to the Newport Community.

As the amount of available land on Hilton Head Island declines for new development, it will be very important to maintain a high quality housing stock of residential properties. In addition, the availability of various housing types is important for the housing market viability to accommodate the diverse needs of the Island's population.

For the reasons set forth above and the additional benefits as hereafter outlined to the surrounding neighbors of the Mall Tract, it makes it difficult to see how this increase could be anything but a public benefit to the Town of Hilton Head Island and the surrounding property owners, and the Applicant respectfully requests that it be allowed to create the place that is envisioned by the Town of Hilton Head Island Comprehensive Plan dated May 4, 2010 ("Comprehensive Plan"), and meet the understandable expectations of the citizens of Hilton Head Island for an updated Mall at Shelter Cove.

V. NARRATIVE – REZONING CRITERIA

LMO Section 16-3-1505 sets forth the criteria which the Planning Commission is to address in making a recommendation to the Town Council on this rezoning request, as follows:

A. CONSISTENCY (OR LACK THEREOF) WITH THE COMPREHENSIVE PLAN.

The **HOUSING VISION** of the Comprehensive Plan for the Town is to promote and facilitate entrepreneurial housing initiatives that will result in the development of diverse housing types for all income levels on Hilton Head Island, and to support affordable housing initiatives in the region to supplement housing on the Island⁴. It is an accepted fact that the recent economic downturn in the economy has resulted in fewer families being able to afford to finance and maintain single-family individual houses and the number of Island residents that have been forced to vacate their homes and seek other more economical living facilities off Island has risen

⁴ See Comprehensive Plan at Page 50.

greatly. Unfortunately, since the date of the adoption of the current Comprehensive Plan available, reasonably priced multi-family residential dwelling units have virtually been eliminated through the conversion of multi-family residential apartment complexes into condominiums, creating a greater demand for apartment living for both permanent and temporary residents. The Applicant's experience in the housing market in the southeast has indicated an increasing need for available apartments to rent in locations that allow inhabitants to more easily get to their work place and to shop and recreate in a wholesome and centrally located environment. The shortage of available residential apartment units to rent on Hilton Head Island has been exacerbated by the limited amount of land available for construction of new multi-family residential dwelling units along with the added difficulty of obtaining financing to purchase condominiums by middle to lower-income families since the beginning of the economic crisis in 2007. This trend in the reduction of available apartments is illustrated in Table 5.1 of Chapter 5 of the Comprehensive Plan that states that "...in 1999 there were 601 fewer multi-family residential dwelling units than there were single-family units. In 2000, there were 4,506 fewer multi-family residential dwelling units than single-family units, and in 2007 there were 3,660 fewer multi-family residential dwelling units than single-family units...". Applicant's recent research, with the assistance of the Town, indicates that the number of apartments on the Island today that have not been converted to a condominium is a mere 302. Additionally, Applicant engaged Coastal Marketing Services to determine the amount of apartments available for rent on Hilton Head Island, and in January of 2012. The report at that time indicated a total of 475 rental units with 211 of the 475 being HUD subsidized. This report has been updated on the 29th day of April, 2014, and indicates that "there have been virtually no changes in rental inventory since January 2012" (see report of Coastal Marketing Services attached hereto and marked Exhibit "C"). Accordingly, the multi-family residential dwelling unit

component of the redevelopment is expected by the Applicant to be in high demand and to satisfy an increasing need, through this entrepreneurial housing initiative, to develop more diverse housing types on Hilton Head Island and help to partially rebalance the substantial difference between single-family residential and multi-family residential dwelling units, which are far more affordable, and provide greater opportunities for the diverse income and age levels of current and future residents to the Island. Section 5.1 of Chapter 5 of the Comprehensive Plan provides a “goal” to encourage development of multi-family residential dwelling units to meet market demands and new trends⁵. This “goal” is more important today than it was at the time that the Comprehensive Plan⁶ was adopted.

In order to help fulfill the “goals” of the Comprehensive Plan for the benefit of the current and future citizens of the Town, the Town Council of Hilton Head enacted Ordinance 2012-27 on the 16th day of October, 2012, which provided for a Declaration of Covenants, Restrictions and Limitations on the multi-family residential dwelling units authorized on the Mall Tract and Town Parcel by providing that “(i) in the event any apartments are erected, constructed or otherwise built on or within the Property (the Mall Tract and the Town Parcel), said apartments shall not be converted into condominiums in any manner; (ii) in the event any apartments are erected, constructed or otherwise built on or within the Property, the owners of any apartments shall not execute or enter into any lease(s) with a term for less than twelve (12) months per lease. In the event that such lease is executed or entered into, said lease shall be considered void and of no legal effect; (iii) in the event any apartments are erected, constructed or otherwise built on or within the Property, the tenant(s) of any apartment(s) shall not lease or sub-let the apartment(s) to any third parties”. This Declaration of Covenants, Restrictions and

⁵ See Comprehensive Plan at Page 50.

⁶ See Comprehensive Plan at Pages 50 and 60.

Limitations containing the above restrictions and such other provisions that are contained therein shall apply to and bind the additional 30 multi-family residential dwelling units requested in this Application, a copy of said Declaration of Covenants, Restrictions and Limitations being attached hereto as Exhibit "D".

The **ECONOMIC DEVELOPMENT VISION** of the Comprehensive Plan looks to define, foster and enhance the economic environment that that sustains Hilton Head Island's unique way of life⁷. Section 7.5 of the Comprehensive Plan recognizes potential risks to the Island's economic future and recognizes that with the early, rapid growth of the base economic engines of residential and visitor investment slowing as the Island approaches maturity, efforts should be focused on initiatives for enriching the economic potential while preserving the essential character and natural assets that have been responsible for the Island's success⁸. With the deterioration of the Mall, the economic benefit to the Town has decreased with the benefit going to the recently revitalized discount centers in the Bluffton area. In order for the Town to help recapture the dollars that are being lost, flexibility in allowing the Applicant to use private funds to increase the amount of multi-family residential housing to restore the Town's most prominent shopping mall will attract and retain visitors, shoppers and apartment residents and re-energize and encourage local shopping and the economic benefits to the Town associated therewith. The additional 30 multi-family residential dwelling units requested in this Application will further enhance and increase the Mall Tract and Town Parcel into a Town center. As a Town center, the residential multi-family residential apartments offer the surrounding area a place for working, shopping and socializing and become a regional generator of economic activity. The increase of multi-family residential apartments allows denser urban

⁷ See the Comprehensive Plan, at Page 89.

⁸ See Comprehensive Plan, at Page 92.

ranges to transform the enclaves into a transient-ready Town center, and at the same time help to partially rebalance the substantial difference between single-family residential and multi-family residential dwelling units and additionally helps to satisfy Section 5.1 of Chapter 5 of the Comprehensive Plan which contains a “goal” to encourage development of multi-family residential dwelling units to meet market demands and new trends. Further, potential strategies and implications of the Comprehensive Plan identify the need to incentivize the development of flexibility of streamlining in regulation of density caps, setbacks (and other controls), that enable a qualitative, principal based, asset revitalization that enhance the Island’s positive legacies⁹.

The Applicant feels that the requested rezoning will encourage and facilitate the redevelopment of the Mall Tract and Town Parcel and the revitalization of the Mall itself, and encourage additional residential occupancy and use of the entire Shelter Cove area, benefitting the entire Town of Hilton Head. The proposed amendment to the Town Zoning Map will also provide additional employment opportunities for Hilton Head Island residents; increase ad valorem tax revenue; substantially increase State sales taxes; and dramatically increase hospitality taxes to promote tourism, nourish beaches, support beach parks, build pathways, support various cultural organizations and pathway rehabilitation¹⁰.

The **TRANSPORTATION VISION** of the Comprehensive Plan is for The Town to provide a safe, efficient, environmentally sound, esthetically sensitive and fiscally responsible transportation system which is integrated into the regional network to enhance the quality of life for those living in, employed in, and visiting Hilton Head Island.¹¹

⁹ See Comprehensive Plan, at Page 93.

¹⁰ See Comprehensive Plan at Page 91.

¹¹ See Comprehensive Plan at Page 116.

The Amended and Restated Development Agreement provides that the Developer will have a Traffic Impact Study updated to reflect the proposed additional 30 multi-family residential dwelling units contemplated by this proposed Zoning Map Amendment. In the event the updated Traffic Study of the Developer indicates the possibility of certain deficiencies at the lighted, signalized intersection of Shelter Cove Lane and the William Hilton Parkway resulting from the additional 30 multi-family residential dwellings, Developer shall be responsible for the cost of any appropriate mitigation required. The additional multi-family residential dwelling units requested hereunder shall provide greater walking and bicycling opportunities for residents of the apartments and decrease the overall need for automobiles by its residents for working, shopping and recreating. It is in the applicant's best interest to create an attractive and safe entranceway into and exit out of the Mall Tract in order to provide a comfortable sense of place and safe ingress and egress. An implementation strategy for multi-use pathways under Section 9.4 of the Comprehensive Plan provides to "expand the Island's multi-use pathway system to connect all appropriate land uses such as parks, schools, open spaces and beach access facilities on the Island along with the residential and commercial destinations". The utilization of garage and first floor parking under multi-family residential housing is also being considered to enhance parking and encourage walking and bicycling within the Mall Tract, lessen any additional impact resulting from the additional multi-family residential units applied for herein.

When reviewing the Comprehensive Plan as a whole, the Applicant believes that the amendment sought hereunder (only requesting an increased density of 30 residential dwelling units) is consistent with all components of the Comprehensive Plan. Given the history of the Mall Tract, and the community-wide benefits afforded the Town under this proposed Application and the proposed Amended and Restated Development Agreement, the requested rezoning will not have an adverse effect on the natural resources, cultural resources, population, community

facilities, land use, transportation, recreation, or priority investment, all of which are more fully addressed in the Application leading to the enactment of ZMA #120006, incorporated herein by reference.

B. COMPATABILITY WITH THE PRESENT ZONING AND CONFORMING USES OF NEARBY PROPERTY AND WITH THE CHARACTER OF THE NEIGHBORHOOD.

All of the nearby or surrounding properties in the vicinity of the Mall Tract and Town Parcel are located within the PD-1 Planned Development Mixed Use District encompassed by the PD Master Plan, including the Town's Shelter Cove Memorial Park, the Newport multi-family residential dwelling unit residential development, and the Plaza at Shelter Cove Shopping Center. Accordingly, the Applicant feels that the additional multi-family residential dwelling units, respectfully applied for herein, is a consistent and appropriate use with the surrounding properties. Recognizing that historical intended uses are not pertinent to this Application, it is interesting to note that as far back as 1984 and 1986, a significant portion of the Shelter Cove Mall Tract was designated for multi-family residential dwelling units.

C. SUITABILITY OF THE PROPERTY AFFECTED BY THE AMENDMENT FOR USES PERMITTED BY THE DISTRICT THAT WOULD BE MADE APPLICABLE BY THE PROPOSED AMENDMENT.

The change to the PD Master Plan requested by this Application, respectfully requesting an increase in the number of multi-family residential apartments, will not result in any change in the currently permitted uses applicable to the Mall Tract and Town Parcel, but rather add to the already permitted uses (ZMA #120006) that are typically associated with PUDs. As noted in Paragraph B above, the adjacent Newport multi-family residential dwelling unit development would indicate that the addition of multi-family residential dwelling units on the Mall Tract and Town Parcel would be a suitable use and compatible with the surrounding property. Additionally, the decrease in the number of multi-family residential dwelling units immediately

adjacent to the Newport Community will, in the opinion of the Applicant, reduce the impact of multi-family residential dwelling units on that community. Considering the mixed-use nature of the PD-1 Zoning Districts under the LMO, the additional multi-family residential dwelling units respectfully requested herein is consistent with most other PUDs on Hilton Head Island, including Sea Pines, the oldest PUD on the Island, and Palmetto Dunes, which is in the same PD District. Accordingly, the Applicant believes that the Mall Tract and Town Parcel are well suited for the existing number of multi-family residential dwelling units previously authorized and the additional multi-family residential dwelling units being requested herein, creating an atmosphere where customers and residents will live, work and recreate in a neighborhood that offers transient, employment and shopping, plus civic and leisure activities.

D. SUITABILITY OF THE PROPERTY AFFECTED BY THE AMENDMENT FOR USES PERMITTED BY THE DISTRICT APPLICABLE TO THE PROPERTY AT THE TIME OF A PROPOSED AMENDMENT.

Again, the change to the PD Master Plan requested by this Application will, add additional single-family multi-use apartments that will invigorate the Mall Tract and Town Parcel for the benefit that will accrue to its owners, the residents of Hilton Head Island, and the Town. The property that is the subject of this Application has been permitted for multi-family residential use since the enactment of ZMA #120006 and is now an allowed use under the PD Master Plan and the Applicant feels that the additional multi-family residential dwelling units will only strengthen the Mall Tract's viability and lessen the impact on the Newport Community.

E. MARKETABILITY OF THE PROPERTY AFFECTED BY THE AMENDMENT FOR USES PERMITTED BY THE DISTRICT APPLICABLE TO THE PROPERTY AT THE TIME OF THE PROPOSED AMENDMENT.

The Mall Tract as presently under development pursuant to ZMA #120006 has, based on already experienced market demand, been deemed a success. The vast experience of Applicant suggests that the additional multi-family residential dwelling units requested hereunder will

undoubtedly increase the revenues and thereby increase the value of the Mall as an asset, not only for the Applicant but also for the Town. Increased residential success and value translate directly to increased marketability.

F. AVAILABILITY OF WATER AND STORM WATER FACILITIES GENERALLY SUITABLE FOR THE PROPOSED USE.

The sewer, water and stormwater facilities serving the Town Parcel were designated and implemented as part of the overall sewer, water and stormwater system serving the PD Master Plan area. The fact that the Mall Tract is currently in operation, even though under development, is clear evidence of the availability of the facilities necessary to accommodate the commercial activities on the Mall Tract and Town Parcel and the multi-family residential units associated therewith and the additional units as requested hereunder. The Broad Creek Public Service District currently provides potable water and sanitary sewer service to the entire Mall Tract and Town Parcel, which is the subject of this Application. The stormwater drainage system which currently drains into detention ponds, and ultimately Broad Creek, will be greatly enhanced through the utilization and introduction of pervious parking areas near Broad Creek, enhanced stormwater detention infrastructure.

VI. NARRATIVE – CONCLUSION

The Applicant feels the foregoing narrative demonstrates that this Application is in conformance with the LMO as amended by and through the Amended and Restated Development Agreement, the Town's Comprehensive Plan, and meets the criteria set forth in LMO Section 16-3-1505. Accordingly, the Applicant respectfully requests that the Planning Commission (a) consider the Application and the testimony and supporting documentation which will be entered into the record; (b) find:

1. That this Application and the supporting documentation established that the requested Master Plan Amendment is consistent with the Town's Comprehensive Plan; and

2. That this Application and the supporting documentation establish that the Applicant has demonstrated adjustment to the PD Master Plan which will result in a community-wide benefit; and

3. That this Application and the supporting documentation establish that the current and proposed density of the Mall Tract and Town Parcel are consistent with conforming uses of nearby properties and with the character of the neighborhood around the Mall Tract and Town Parcel; and

4. That this Application and the supporting documentation establish that the Mall Tract and Town Parcel is suitable for the current and proposed densities permitted by the Zoning District that would be applicable to the Mall Tract and Town Parcel by the requested Zoning Map Amendment; and

5. That this Application and the supporting documentation establish that the Mall Tract and Town Parcel are suitable for the current and proposed density permitted by the zoning district that is currently applicable to the Mall Tract and Town Parcel; and

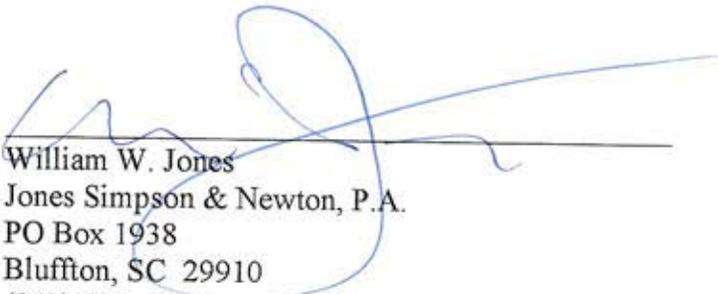
6. That this Application and the supporting documentation establish that the marketability of the Mall Tract and Town Parcel for the current and proposed density permitted by the zoning district that is currently applicable to the Mall Tract and Town Parcel will be increased by the approval of the requested master plan amendment; and

7. That this Application and the supporting documentation establish that there will be no substantial change in the Mall Tract's and Town Parcel's sewer, water and stormwater facilities except for those additional requirements and infrastructure resulting from the thirty (30) additional multi-family residential dwelling units applied for herein; and

8. Except for the Amendment to the Zoning Map applied for herein, the uses and densities provided for in ZMA #120006 remain unchanged and continue in full force and effect.

9. Respectively recommend to the Town Council that they approve this Application.

Respectfully submitted on behalf of the Applicant this 7th day of July, 2014.

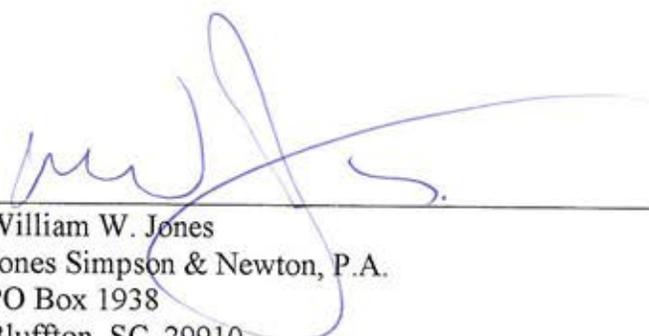


William W. Jones
Jones Simpson & Newton, P.A.
PO Box 1938
Bluffton, SC 29910
(843) 706-6111

allowed on The Town Parcel from 134 to 210, provided that the total number of multi-family residential dwelling units on both of the aforementioned parcels shall never exceed 240 multi-family residential units.

Except for the Amendment to the Zoning Map applied for herein, the uses and densities provided for in ZMA #120006 remain unchanged and continue in full force and effect.

Respectfully submitted on behalf of the Applicant this 7th day of May, 2014.

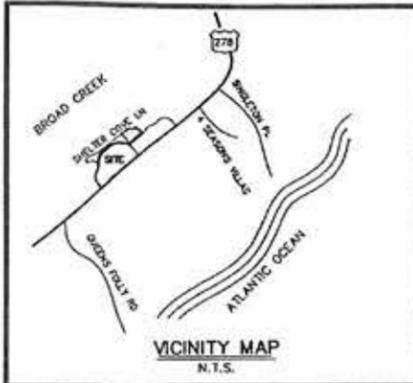


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EXHIBIT "A"

ALTA SURVEY OF MALL TRACT

EXHIBIT "B"
TOWN PARCEL



MARSHES OF BROAD CREEK

PORTION OF PARCEL TO BE
AMENDED TO MASTER PLAN
±9.3 ACRES

SHELTER COVE
MALL TRACT

SHELTER COVE LANE
PUBLIC 60' R/W

MALL BOULEVARD
R/W VARIES

PLAZA AT
SHELTER COVE

U.S. HIGHWAY 278
'WILLIAM HILTON PARKWAY'

SPECIAL NOTE:

THIS EXHIBIT IS FOR RE-ZONING PURPOSES ONLY AND SHOULD NOT
BE USED FOR ANY OTHER PURPOSE.

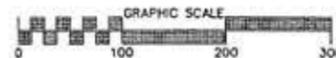
RE-ZONING EXHIBIT

SURVEY OF
SHELTER COVE MALL
& A PORTION OF
SHELTER COVE COMMUNITY PARK
A SECTION OF
SHELTER COVE

HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA
SCALE: 1" = 100' DATE: 4/30/2012 JOB NO: SC1100400

PREPARED FOR: SHELTER COVE TOWNE CENTRE, LLC

ADDRESS: 39 SHELTER COVE LANE
TAX PARCEL I.D. NO. R520-012-00C-0002-0000



SURVEYING CONSULTANTS

17 Sherlington Drive, Suite C, Bluffton, SC 29910
SC Telephone: (843) 815-3304 FAX: (843) 815-3306
GA Telephone: (912) 880-8775

EXHIBIT "C"

LETTER FROM COASTAL MARKETING SERVICES



Coastal Marketing Services

The Information and Direct Marketing Specialists™

April 29, 2014

Wes Jones
Jones Simpson and Newton Law Firm
18 Pope Ave
Hilton Head, SC 29928

Wes,

Attached you will find a spreadsheet detailing all rental apartments on Hilton Head Island. This is essentially a copy of the one I sent to you in January 2012. My methodology in developing this review was to contact each complex and determine if there were any major differences from the original report. I next contacted the Town of Hilton Head planning department to determine if any multi-family projects were in the planning or construction process.

Some of my observations from this review:

There have been virtually no changes in rental inventory since January 2012. The rental rates have risen by approximately 5-10% on the average with the greatest increase coming at Marsh Point which was at the top of the rental price range in 2012.

Vacancy rates were hard to determine but in most cases they were non existent. There was a waiting list of 68 names at Hilton Head Gardens (a HUD subsidized complex)

I went to the Town of Hilton Head Planning department to determine if any new units were planned, approved or under construction. I met with Heather Colin the town Planning Coordinator and she informed me that there has only been 1 project in planning that is designated as apartment complex. It is located in Shelter Cove and has 210 units which have been approved but not yet begun construction.

If I can be of any further assistance, please give me a call at 843-301-5528

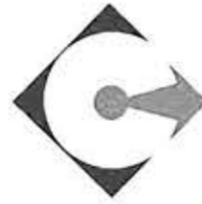
Paul Cifaldi Sr

Printed version in mail

Post Office Box 5223
Hilton Head Island, SC 29938

Phone 843.785.6640
Cell 843-301-5528
paulcifaldi@hotmail.com

the right message...
to the right prospect...
at the right time!



Coastal Marketing Services

"The Information and Direct Marketing Specialists"

Apartment Complexes on Hilton Head Island												
complex name	tax key	location	total units	effic	1br	2br	3br	yr blt	contact	owned by		notes
Chimney Cove Apartments	376444	278-near Palmetto Dunes	52			43	9	1950	don 686-2150	Chimney Cove LLC	PO Box 21326 , Hilton Head SC 29925	1- 3 story bldg rest flats
			rent			\$650	\$750					
Sylby Tub Apartments	344078	Off Dillon Rd	18			18		1983	Patrick 689-3070, 684-8806	Tom Barnwell		rent based on income
			rent									
Cedar Wells Apartments	3336759	On Squire Pope Rd-near Hudsons	24			24		1990	Patrick 689-3070, 684-8806	Tom Barnwell		rent based on income
			rent			\$713						
90 Dillon Road Apartments	5186844	Dillon Rd - Past Entrance to FBO	48		24	24			steve689-5904-684-1177	Cap Mark Services	245 Peach Tree Center NE Suite 1800, Atlanta GA 30303	Tax Credit mgt co-RLJ -Ohio
			rent		\$700	\$795						
Hilton Head Gardens Apartments	867299	Southwood Park Rd-off 278-behind Apple Appliance	112	16	16	64	16		debbie Carroll-681-2911	C/O Reilly Mgt Assoc-200 Corporate Ridge-suite 925- McClean VA 22102		Hud Subsidized-managed by Frye Properties waiting List -68
			rent	\$673	\$767	\$857	\$1,004					
Sandlewood Terrace	901554	Southwood Park Rd-off 278-behind Apple Appliance	81						pat-681-5309	Beaufort Housing Authority		HUD subsidized- owned by Beaufort Cty Housing rent based on income
			rent									
Marsh Point -Apartments	3448255	off Gum Tree Rd - Near HH Schools Complex	140		56	84			Renay McClain-681-6550	Marshpoint LP- Managed by	3301 West End Ave suite 200-Nashville TN 37203	top of the line-nice surroundings
			rent		\$885	\$980						
			Totals-	475	16	96	257	25				
Approved by Town												
Shelter Cove			units	210								not yet under construction

EXHIBIT "D"
DECLARATION OF COVENANTS

Property Description

Section 1.1: The Property: The real property ("the Property") which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these Covenants, is described as follows:

ALL that certain piece, parcel or lot of land being shown and described as "New Parcel to be Conveyed 4.97 Ac." on the plat entitled Boundary Reconfiguration of Shelter Cove Mall Area, A Section of Shelter Cove, Hilton Head Island, Beaufort County, South Carolina" dated June 12, 2012 prepared by Terry G. Hatchell, RLS#11059 and recorded in Plat Book ____ at Page ____ in the Office of the Register of Deeds for Beaufort County, South Carolina. For a more detailed description as to courses, metes and bounds, reference is made to said plat of record.

This being a portion of the same property conveyed to the within Grantor by PVI Shelter Cove Limited Partnership, dated August 10, 2011, and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Record Book 3076 at Page 2860.

Beaufort County Tax Map Reference: a Portion of R520 012 00B 0026 0000

-AND-

ALL that certain piece, parcel or lot of land being shown and described as "Old 60' R/W of Shelter Cove Lane Area A-4 0.14 Ac." on the plat entitled Boundary Reconfiguration of Shelter Cove Mall Area, A Section of Shelter Cove, Hilton Head Island, Beaufort County, South Carolina" dated June 12, 2012 prepared by Terry G. Hatchell, RLS#11059 and recorded in Plat Book ____ at Page ____ in the Office of the Register of Deeds for Beaufort County, South Carolina. For a more detailed description as to courses, metes and bounds, reference is made to said plat of record.

This being a portion of the same property conveyed to the within Grantor by Shelter Cove Harbour Company, recorded on _____, 2012, in the Office of the Register of Deeds for Beaufort County, South Carolina in Record Book ____ at Page _____.

Beaufort County Tax Map Reference: a Portion of R520 012 00B 0030 0000

-AND-

All that certain piece, parcel or lot of land, lying and being on Hilton Head Island, Beaufort County, South Carolina, being shown and described as

"Parcel C" on that certain plat entitled "A Plat of Shelter Cove Mall, Phase II, Shelter Cove, 26 Shelter Cove Lane, As Built Survey, a Section of Palmetto Dunes Resort" prepared by Jerry L. Richardson, SCRLS 4784, Dated April 14, 1988, and revised on July 20, 1988, and which is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Plat Book 35 at Page 228.

Derivation Clause and Tax Map Reference Missing!

PART TWO
LAND USE RESTRICTIONS

ARTICLE II:
General Land Use Restrictions and Obligations

Section 2.1: Restrictions on Converting Apartments to Condominiums. In the event any apartments are erected, constructed, or otherwise built on or within the Property, said apartments shall not be converted into condominiums in any manner.

Section 2.2: Restrictions on Rentals of Apartments for Less than Twelve Months per Lease. In the event any apartments are erected, constructed, or otherwise built on or within the Property, the owner(s) of any apartment(s) shall not execute or enter into any lease(s) with a term for less than twelve (12) months per lease. In the event that such a lease is executed or entered into, said lease shall be considered void and of no legal effect.

Section 2.3: Restrictions on Sub-Letting of Apartments by Tenants. In the event any apartments are erected, constructed, or otherwise built on or within the Property, the tenant(s) of any apartment(s) shall not lease or sub-let the apartment(s) to any third parties.

PART THREE
GENERAL

Article III:
General Provisions

Section 3.1: Duration of Covenants. All covenants, restrictions and affirmative obligations set forth herein shall run with the land and shall be binding on all parties and persons claiming under them.

Section 3.2: Remedies in the Event of Violation or Breach. In the event of a violation or breach of any of the restrictions contained herein by grantee, its agents, successors or assigns, Declarant shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any

event, and Declarant shall have the right to recover all costs and expenses of suit in such action, including reasonable attorneys' fees and costs whether or not incurred in conjunction with appellate proceedings.

Section 3.3: Severability and Rule Against Perpetuities. The invalidation by any court of any restrictions of these Covenants shall in no way affect any of the other restrictions, but they shall remain in full force and effect. If any provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions contained herein and imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or until twenty-one (21) years after the death of the last survivor of the now living descendants of former President George W. Bush and the original Owner of the Property.

Section 3.4: Interpretation. In all cases, the provisions of this Declaration shall be given that reasonable interpretation or construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property, which will carry out the intent of the Declarant as expressed in the recitals of these Covenants.

Contrary to the restrictive common law rule of construction, these Covenants shall by this Covenant be interpreted broadly to touch and concern the Property with recognition of modern economic, land use planning and real estate finance and development principles, theories and practices. It is the Declarant's intent, and all Owners who take subject to the Covenants, do covenant and agree, and are thereby estopped to deny, that any reserved right or function of the Declarant, and any other covenant condition, restriction or obligation within these Covenants is intended to promote the use and enjoyment of the Property, is intended to foster the creation, preservation or enhancement of economic or intangible values associated with the Property, and does touch and concern, benefit and burden and run with the Property.

The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

Section 3.5: Enforcement by the Declarant. In addition to the foregoing, the Declarant shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. Violators shall be obligated to reimburse the Declarant in full for its direct and indirect costs, including but not limited to legal fees incurred by the Defendant in maintaining compliance with these Covenants in the event the Declarant prevails in such proceedings.

Section 3.6: Gender, Tense, and Number. When necessary for proper construction, the masculine form of any word used in this Declaration shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.

Property Description

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ALL that certain piece, parcel or lot of land being shown and described as "New Multi-Family Parcel 4.90 Ac." on the plat entitled Boundary Reconfiguration of 4.90 Acres New Multi-Family Parcel, Shelter Cove Lane, A Portion of Shelter Cove Community Park, Hilton Head Island, Beaufort County, South Carolina" dated June 12, 2012 prepared by Terry G. Hatchell, RLS#11059 and recorded in Plat Book ____ at Page ____ in the Office of the Register of Deeds for Beaufort County, South Carolina. For a more detailed description as to courses, metes and bounds, reference is made to said plat of record.

This being a portion of the same property conveyed to the within Grantor by deed of Hancock Development Company, Inc., dated April 29, 1999 and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Record Book 1190 at Page 1309.

Beaufort County Tax Map Reference: A Portion of R520 012 00C 0002 0000

PART TWO LAND USE RESTRICTIONS

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Section 3.4: Interpretation. In all cases, the provisions of this Declaration shall be given that reasonable interpretation or construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property, which will carry out the intent of the Declarant as expressed in the recitals of these Covenants.

Contrary to the restrictive common law rule of construction, these Covenants shall by this Covenant be interpreted broadly to touch and concern the Property with recognition of modern economic, land use planning and real estate finance and development principles, theories and practices. It is the Declarant's intent, and all Owners who take subject to the Covenants, do covenant and agree, and are thereby estopped to deny, that any reserved right or function of the Declarant, and any other covenant condition, restriction or obligation within these Covenants is intended to promote the use and enjoyment of the Property, is intended to foster the creation, preservation or enhancement of economic or intangible values associated with the Property, and does touch and concern, benefit and burden and run with the Property.

The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

Section 3.5: Enforcement by the Declarant. In addition to the foregoing, the Declarant shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. Violators shall be obligated to reimburse the Declarant in full for its direct and indirect costs, including but not limited to legal fees incurred by the Defendant in maintaining compliance with these Covenants in the event the Declarant prevails in such proceedings.

Section 3.6: Gender, Tense, and Number. When necessary for proper construction, the masculine form of any word used in this Declaration shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.

Section 3.7: No Waiver. Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provisions of this Declaration.

Section 3.8: Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

(THIS SPACE INTENTIONALLY LEFT BLANK)

TOWN OF HILTON HEAD
ISLAND, SOUTH CAROLINA

2) _____
Signature of 1st Witness

By: _____
Stephen G. Riley, Town Manager

3) _____
Signature of 2nd Witness (the Notary Public)

STATE OF SOUTH CAROLINA

)

UNIFORM ACKNOWLEDGMENT

COUNTY OF BEAUFORT

)

)

I, the undersigned Notary Public do hereby certify that Stephen G. Riley appeared before me this day and, in the presence of the two witnesses above named, acknowledged the due execution of the foregoing instrument on behalf of The Town of Hilton Head Island, South Carolina.

Witness my hand and seal this _____ day of _____, 2012.

4) _____ (SEAL)

Signature of Notary Public for South Carolina

My Commission expires: _____