

**THE TOWN OF HILTON HEAD ISLAND  
REGULAR PLANNING & DEVELOPMENT STANDARDS COMMITTEE MEETING  
Benjamin M. Racusin Council Chambers**

**APPROVED**

**Date:** Wednesday, May 26, 2010

**Time:** 4:00pm

**Committee Members Present:** Chairman Bill Ferguson, Drew Laughlin and John Safay

**Committee Members Absent:** None

**Council Members Present:** None

**Town Staff Present:** Jill Foster, Community Development Department Deputy Dir.  
Kathleen Carlin, Administrative Assistant

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**1) CALL TO ORDER**

**2) 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.

**3) APPROVAL OF MINUTES**

Mr. Laughlin made a **motion** to **approve** the April 28, 2010 minutes as presented. Mr. Safay **seconded** the motion and the motion **passed** with a vote of 3-0-0.

**4) COMMITTEE BUSINESS**

None

**5) NEW BUSINESS**

Beaufort County Council Development Agreement – Presented by: Mr. Paul Summerville

Town staff recommended that the Planning & Development Standards Committee endorse a recommendation from the Beaufort County Council Development Agreement Negotiating Committee to allow the Greenheath PUD on Lady’s Island to renew their Developer Agreement such that a school capital construction fee would be negotiated to reflect a reduced amount for the “by right” density and the full amount of \$6,000 for each additional residential unit.

Mr. Paul Summerville made the presentation on behalf of the Beaufort County Council. Greenheath is a 300 unit Planned Unit Development (PUD) in Lady’s Island with an existing Developer Agreement dating to 1997. A sticking point on the renewal of this Agreement has been the school capital contribution fee. A compromise has been suggested, but Beaufort County seeks the concurrence of its partner municipalities before moving forward. For new Developer Agreements, a fee of \$6,000 per residential unit was previously agreed to for units of the size anticipated.

The compromise would provide for a payment of \$1,500 per housing unit for the first 200 units and \$6,000 per unit for the final 100 units. The basis for this compromise rests on two points. First, that the developer is entitled to develop 200 units “by right” without an agreement. Secondly, that a school impact fee was on the books in 1997 (subsequently outlawed in a State Code amendment) in the

amount of \$1,000 and the original agreement made the developer subject to that fee. The compromise would cover the 200 “by right” units as if they were subject to the prior impact fees (adjusted for inflation) and subject the remaining 100 units to the full school capital construction fee.

Pursuant to an agreement from 2007, The Town of Hilton Head Island joined with Beaufort County and the other local governments in the County, in agreeing to support institution of school capital construction fees as part of any new Developer Agreements. All entities agreed to seek a fee for residential units based on the size and type. Commercial development was to be charged \$2.50 per square foot (SF).

The County subsequently negotiated two Developer Agreements and is in the process of negotiating a third. An issue has arisen with this latest negotiation and the County is seeking the input of its partner local governments.

The first agreement was for Okatie Marsh (off Highway 170). When built out this development will contain approximately 1300 rooftops (some multi-family) and will net the school district approximately \$7.8 million.

The second agreement was Tanger 1. Even though Tanger 1 is taking their current building down to the ground, they intend to rebuild on their existing footprint so we did not feel that it was appropriate to charge them for the same footprint they currently have. However, they reserved the right to increase their footprint by a specified amount and in that event, they are required to pay \$2.50/additional square foot.

Similarly, when the Town of Hilton Head Island negotiated its first Developer Agreement in 2009 for the Mall at Shelter Cove, it included this school capital construction fee for the square footage that was to be added. No contribution was required for previously existing commercial space.

Beaufort County is currently renegotiating a 1997 Developer Agreement for a project on Lady’s Island known as Greenheath, which was permitted for 300 units on approximately 100 acres. The developer approached the County prior to the expiration of the Agreement and asked that the PUD be renewed. The County likes this PUD because it provides the type of things they seek such as interconnectivity, walking paths, school access, mixed use, etc.

An agreement was reached to extend it with certain caveats. One was that the developer gives a walking trail to the county around the perimeter. A second was interconnectivity to a school located near the property and a third was that renewal of the PUD be contingent on paying school capital construction fees.

During the negotiations the developer pointed out that he could abandon his PUD and build the development “by right” with 200 units and pay no school capital construction fees. It was then pointed out that when the PUD was initially approved in 1997 Beaufort County had in effect a school impact fee of approximately \$1,000/rooftop. After extensive additional negotiations, it was tentatively agreed that the developer would pay the then existing school impact fee (\$1,000 adjusted for inflation to about \$1,500/unit) for the 200 “by right” units and the full \$6,000 for the additional 100 units.

The County considers this a reasonable compromise as it would net the school district approximately \$900,000.00 which is that much more than if the developer elected to develop the property “by right”. Also, it gives the County additional controls and benefits contained in the PUD.

Before finalizing this Agreement, the County is seeking the input of the partner local governments as to whether this compromise is consistent with the letter and the spirit of the resolutions passed by our respective councils in 2007/2008. The County has or is scheduled to make presentations to each of the other local governments in the County.

At the completion of the presentation, the Committee and Mr. Summerville discussed several issues including the developer agreement, impact fees, tax revenue, and the transferability of rights. At the completion of the discussion, Chairman Ferguson requested public comments and none were received. At the completion of final comments, Chairman Ferguson requested that a motion be made.

Mr. Safay made a **motion** that the Planning & Development Standards Committee **endorses** the recommendation as presented today. The Committee recommends that Town Council **endorses** the recommendation. Mr. Laughlin **seconded** the motion and the motion **passed** with a vote of 3-0-0.

**6) ADJOURNMENT**

The meeting was adjourned at 5:20pm.

Submitted By:

Approved By:

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Kathleen Carlin  
Administrative Assistant

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Bill Ferguson  
Chairman