

TOWN OF HILTON HEAD ISLAND
Public Planning Committee
Minutes of the December 20, 2017 – 3:00p.m. Special Meeting
Benjamin M. Racusin Council Chambers

Committee Members Present: Chairman David Ames, Kim Likins

Committee Members Absent: Bill Harkins

Town Council Present: Tom Lennox, John McCann

Town Staff Present: Charles Cousins, Director of Community Development; Shawn Colin, Deputy Director of Community Development; Teri Lewis, LMO Official; Jennifer Ray, Planning & Special Projects Manager; Marcy Benson, Senior Grants Administrator; Steve Riley, Town Manager

1. Call to Order

Chairman Ames called the meeting to order at 3:00 p.m.

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 Agenda

4. Approval of the Minutes – none

5. Unfinished Business – None

6. New Business

a. Workforce Housing – Policy Discussion

Chairman Ames announced that since Mr. Harkins and Mayor Bennett were unable to attend, he has asked Councilmen Lennox and McCann to join in this workshop discussion. Chairman Ames stated he invited Bluffton Councilman Fred Hamilton to provide input as well since Bluffton has been working on affordable housing programs for a few years.

Mr. Shawn Colin thanked Council for holding this workshop and stated that it is important to have dialogue to understand what Council's expectations are for workforce housing. The policy questions are meant to engage discussion with Council and the community to help guide how the Town approaches solutions for workforce housing. Staff would like to take these policy questions to Town Council in January for additional discussion and to solidify the direction going forward. Staff plans to engage a consultant because this would help Hilton Head Island's unique approach to this issue.

Mr. Colin stated the Town will meet with a panel of speakers from communities with successful affordable housing programs prior to the Hilton Head Island-Bluffton Chamber of Commerce Unite Workforce Summit on Wednesday, February 28, 2018.

Mr. Colin will read the policy questions that Town staff created, give staff's recommendation and then Council and the public discuss.

Policy Questions:

- What is the target?
 - Should it be tied to a certain percentage of household income and household net worth, i.e. Area Median Income (AMI)? If so, what are the percentages?
 - Staff recommends affordable housing be tied to an income between 50-100% AMI.

Many retired seniors would qualify by their income but their net worth cap would disqualify them. There may be programs that have not been identified at this time that could include criteria other than household income. The 50-100% AMI is a good starting point for the near term

- Should this be limited to housing the workforce? Should this be directed towards:
 - Existing employees living on Hilton Head Island?
 - Existing employees living off island?
 - New employees being attracted to work on Hilton Head Island?
 - Staff believes that this effort should be limited to housing for the workforce and tied to employment on the island by at least one member of the household. It is staff's opinion that to increase capacity of the workforce, new employees should be attracted to work on Hilton Head Island while maintaining existing employees.

If new attractive housing stock is built at the right price point it will improve the employee retention rate of current existing employees which in turn will improve the work life balance. Additionally the creation of newer nicer units will require that other older units will have to lower rates because they are not as nice or are not up to code. Currently there is a false market because of supply versus demand – there is a lack of housing stock.

Attracting new employees to work on Hilton Head Island provides the most capacity to expand the workforce. The Town should create newer units at a competitive price which may then provide the incentive HOAs to make improvements. If units are limited to new employees then the existing employees are penalized. Affordable units for workforce should have stipulations attached – must live/work in the community. Not all employees that work here want to live on Hilton Head Island – some may prefer to live in Bluffton.

- Should the Town participate in a regional effort by contributing to funding of off-island affordable housing? If so, is there a way to require that those units be occupied for a certain period of time by people working on Hilton Head Island?
 - Staff believes the Town should participate in regional efforts to increase the capacity of the island's workforce as it is unlikely that the Town can

accommodate all affordable housing needs within the Town limits. Funding efforts by the Town should include a requirement that at least one member of the household work on Hilton Head Island.

Part of the solution to the challenge of on island affordable workforce housing may be housing on the mainland. To tie employment on Hilton Head Island to housing on mainland is a good principal but may be too complex to work. This is not a top priority to solve.

- What role does transportation play in the success of both Town and regional projects?
 - Staff believes that transportation is a critical element in the success of both Town and regional efforts. It would be used for transporting employees around the island and for getting workers to the island. Palmetto Breeze is currently preparing for on-island shuttle service for 2018 between existing activity centers. This service can be expanded in the future to include additional routes, both on-island and from the island to the mainland.

Town Council agreed with the staff response.

- Should it focus on programs that create successful opportunities in the private sector or should the Town be an active participant in project development (solely or in public-private partnership)?
 - Staff recommends the Town focus on programs by creating an environment for projects to be developed by the private sector rather than being a developer or competing with the private sector. This may include regulatory incentives such as increased density, financial support, utilization of Town-owned property, etc.

Private sector should have first shot at developing affordable workforce housing; the Town has lot of tools to use to enable the private sector to develop affordable workforce housing; Allowing the private sector to develop a project makes economic sense, because these projects need to be expedited. The Town has land inventory that should be used such as the Indigo Run hotel property, the Port Royal golf course property and the Yacht Cove property. Ensure that the face of community is not changed; this can be done using creative thinking (i.e. build housing on top of buildings; convert existing vacant buildings into housing, look for other opportunities than just developing bare land.) The cost of land and infrastructure have been the biggest hurdles for developers to overcome in Bluffton. The Town has to be an active participant in the process (providing layered financing) but the Town is not the sole provider in developing housing.

- Should there be any location restrictions or should it be island-wide?
 - Should it be in PD-1s or only non PD-1 areas?
 - Many affordable solutions may be appropriate for all parts of the island, such as accessory dwelling units.

There may be opportunities within gated communities. If it serves the purpose, don't restrict solutions. Take a reactive role: garage apartments, accessory units; tie it to employment; not just resort rental; the hurdles would be zoning, density and covenants.

- Should it be located in close proximity to areas with a high commercial concentration?
 - Staff believes locating affordable housing in areas with high commercial concentration would provide occupants direct access to many places of employment. However care should be taken to ensure additional demands on existing infrastructure can be accommodated.

Housing should be spread out to reach many employers and reduce demand on existing infrastructure. Affordable workforce housing would be a good way to use underutilized or vacant buildings.

- Should a Housing Authority, Redevelopment Authority or similar entity implement and manage this effort?
 - Staff believes some entity other than the Town should implement and manage this effort. A Town Housing Authority would be a duplication of the efforts of the existing Beaufort County Housing Authority which has the same jurisdiction, program, and incentives that a Town Housing Authority would have. A Redevelopment Authority would have the ability to target areas for redevelopment with flexibility in programs but may not be the best option for workforce housing since it is focused only on redevelopment.

Town should not be developer or managing component. The Town needs more information on these options; the Business Workforce Coalition is currently researching this issue. This will depend on how we sustain a program of affordability. Previous programs were limited in scope. Bluffton currently uses LCOG for income qualification; they also put a 25 year covenant on all affordable housing properties. There may be an opportunity for a joint Bluffton/HHI housing authority.

- Should the goal be home ownership or rental?
 - Staff believes the short term goal should be rental, however Habitat for Humanity has a successful home-ownership program that could be a model for long term project.

The emphasis should be rental both because of accessibility for employees and the higher density it offers. This also allows the Town or Housing Authority to deal with one owner instead of multiple owners. It will be important to recertify income every year for the purpose of ensuring that the people are still working; the purpose would not be to force people to move just because they are making a greater income.

- Should affordable projects be required to remain affordable for a set period of time or in perpetuity?

- Staff recommends maximizing the time that projects are affordable.

There is a law against perpetuity clauses. Developers will want flexibility in how long something has to remain affordable. Town Council agreed that the time should be maximized for the community.

- Should it be large scale projects or multiple smaller projects that can be integrated into neighborhoods?

- Staff believes multiple smaller projects better meet the definition of Island Character and would distribute the workforce and infrastructure demands around the island versus a central location.

- Do not rule out large scale projects if they are well designed. Anything that is built will need to be compatible with surrounding area. It will also be important for it to be in close proximity to large employers. Repurpose vacant property; consider mixed use developments. Look at examples of affordable housing in Columbus, GA (redevelopment) and Destin, FL (Bayshore).

- How should the Town prioritize areas for redevelopment?

1. redevelopment
2. adaptive re-use
3. vacant land

Staff recommends the following prioritization: 1-redevelopment, 2-adaptive re-use, 3-vacant land. Both redevelopment and adaptive re-use could address both the affordable housing issue as well as the vacant/under-used building issue and is more likely to be located in existing activity nodes/on main travel routes.

Redevelopment has the highest potential for longer term impacts. Adaptive re-use may have complications due to the change in use and building codes. Vacant land should be a lower priority based on desire for open space, cost of development, other potential uses, etc.

The Town will have to create bigger incentives in areas of redevelopment and re-use because developers would prefer to use vacant land. Any of these options might be good depending on the area where the development is proposed.

Transition open space bond into a bond specifically to purchase land for affordable workforce housing projects. Consider some sort of land banking program.

- Are any of the following housing types off of the table:

- apartments
- houses
- dormitories
- accessory dwelling units
- garage apartments
- mobile homes

- tiny homes
- townhouses
- All housing types should be considered however staff believes mobile homes should not be considered a long-term workforce housing solution.

There is an aesthetic issue and long term maintenance issue with mobile homes but they also provide income. The Town should disincentivize the development of mobile home density and incentivize the other options. Mobile homes should be left on the table because they are transitional housing.

- Should the Town develop a program to maintain existing affordable housing units?
 - Staff believes that maintenance of existing affordable housing units is a social equity issue rather than a workforce availability issue. Once the workforce housing program is established, consider a separate program for community housing initiatives such as maintenance of existing affordable housing units.

Bluffton implemented a home maintenance program to keep people from moving out of substandard homes into other housing. They commit a certain amount of money to this fund every year. The program is income qualified – it is not tied to employment. It is only for owner-occupied homes. The Town wants to consider a similar sort of program but with our own regulations. Consider partnering with Deep Well.

- What does success look like after 1 year?
 - After 1 year, staff believes success will be determined by the completion of the housing needs assessment, the hiring of a local consultant, development of an affordable housing program, and moving toward ground breaking on an affordable housing development. Does this vision match Council’s vision of what success looks like after 1 year?

The Town will have the benefit of a County-wide needs assessment, a local consultant could develop an affordable housing program. Long-term sustainability and the identification of funding sources will be key.

7. Committee Business

8. Appearance by Citizens – None

9. Adjournment

The meeting was adjourned at 4:40 p.m.

Submitted by: Eileen Wilson, Senior Administrative Assistant

Approved: January 25, 2018

David Ames, Chairman