

**THE TOWN OF HILTON HEAD ISLAND
WORKFORCE HOUSING WORKSHOP**

Date: Tuesday, January 16, 2018

Time: 2:00 P.M.

Present from Town Council: David Bennett, *Mayor*; Kim Likins, *Mayor Pro Tempore*; John McCann, Bill Harkins, Marc Grant, Tom Lennox, David Ames, *Council Members*

Present from Town Staff: Steve Riley, *Town Manager*, Greg DeLoach, *Assistant Town Manager*; Brian Hulbert; *Staff Attorney*; Charles Cousins, *Director of Community Development*; Shawn Colin; *Deputy Director of Community Development*; Jennifer Ray, *Planning & Special Projects Manager*; Teri Lewis, *LMO Official*; Marcy Benson, *Senior Grants Administrator*; Krista Wiedmeyer, *Executive Assistant/Town Clerk*

Present from Media: Alex Kincaid, *Island Packet*;

1. Call to Order

Mayor Bennett called the meeting to order at 2:00 p.m.

- 2. FOIA Compliance -** Public notification of this meeting has been published, posted and distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Workforce Housing Policy Discussion.

Mayor Bennett explained that the Workforce Housing Policy Workshop was going to be an open discussion between the members of Council, Town staff, and the community at large. He said that staff had prepared several policy questions that had originally been reviewed and discussed with the Public Planning Committee. Mayor Bennett asked Shawn Colin, Deputy Director of Community Development, to lead the discussion by going through each policy question. He asked that first Council consider the questions that Mr. Colin brings forward, to open the discussion. Then the discussion would be opened to the citizens in attendance at the Workshop. Mayor Bennett stated that this Workshop is just a step towards moving in the direction of setting the policies for the workforce housing initiative. He said that there may be questions within the worksheet presented where additional information is required before the question can be answered. But this is why the questions are being considered during the workshop today. Mayor Bennett then turned to Mr. Colin to begin the workshop.

Mr. Colin begin by explaining that the policy questions noted within the workshop worksheet will help Town staff prepare the consultant RFP for the project. Mr. Colin than began to go through each of the fifteen questions on the enclosed worksheet.

4. Adjournment

Mayor Bennett adjourned the meeting at 4:15 p.m.

Krista M. Wiedmeyer,
Executive Assistant/Town Clerk

Approved: 02/20/2018

David Bennett, Mayor

Workforce Availability continues to be a key priority for Town Council. The two main subcomponents of workforce availability are housing and transportation.

Workforce Availability - Housing Component
Policy Questions

Policy Question	Staff Response	Public Planning Committee Response	Town Council Response
<p>Should affordable workforce housing be tied to a certain percentage of household income and household net worth, i.e. AMI? If so, what are the percentages?</p>	<p>Staff recommends affordable workforce housing be tied to an income between 50-100% Area Median Income (AMI).</p>	<p>This appears to be the correct target for the near-term. It may need to be 30-80% AMI to cover all of the workforce.</p>	<p>It may be more appropriate to use 30% as a starting point to capture all of the workforce. There may be multiple targets. There is probably a difference between the County's AMI and the Town's actual AMI. Provide additional details about how the net worth component may be used.</p>
<p>Should this be limited to housing the workforce? Should this be directed towards:</p> <ul style="list-style-type: none"> • Existing employees living on HHI? • Existing employees living off island? • New employees being attracted to work on HHI? 	<p>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 HHI while maintaining existing employees.</p>	<p>Housing should be directed to existing employees living on HHI and existing employees living off island. It is important that housing be tied to employment on the island.</p>	<p>Any affordable housing workforce program should be open to all types of employees. There is some concern with requiring that affordable units must be occupied by employees working on HHI. This could create problems with lenders.</p>

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<p>Should there be any location restrictions (not allowed in gated communities) or should it be island-wide?</p>	<p>Many affordable solutions may be appropriate for all parts of the island, such as accessory dwelling units. Staff believes locating affordable workforce 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.</p>	<p>There may be opportunities within gated communities. If it serves the purpose, don't restrict solutions. Housing should be spread out to reach many employers and reduce demand on existing infrastructure.</p>	<p>Options should be Island-wide but consider more incentives for those properties where old tired assets are being converted/redeveloped.</p>
<p>Should affordable projects be required to remain affordable for a set period of time or in perpetuity?</p>	<p>Staff recommends maximizing the time that projects are affordable.</p>	<p>PPC agreed with staff's response.</p>	<p>Projects needs to remain affordable for a long enough period of time that we retain affordable housing stock on the</p>

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			<p>island but it should not be in perpetuity. Ensure that the Town is not too restrictive in whatever time requirements are tied to units/properties. The Town will need to ensure that there is a way to monitor this. Depending on the Town’s level of participation in affordable workforce housing projects, the Town may have leverage to require a project to remain affordable for a set period of time. Provide additional details about how this would work, particularly for ‘For Sale’ properties.</p>
<p>Should the goal be home ownership or rental?</p>	<p>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</p>	<p>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</p>	<p>Focus on both to allow maximum opportunities.</p>

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	long term project.	to deal with one owner instead of multiple owners.	
Should it be large scale projects or multiple smaller projects that can be integrated into neighborhoods?	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.	Projects should fit into the character of the community. Are there any large vacant properties left that would be appropriate for a large-scale affordable workforce housing effort? Do not rule out large scale projects. Smaller projects will be best to accommodate infill/redevelopment goals. Be creative.
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 HHI?	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 workforce housing needs	PPC agreed with staff's response but not as a first priority. It's a good principle but will be hard to implement.	This will be easier to answer after the Town understands the demand. It is likely that the demand will exceed the capacity of what the Town can provide. The provision of affordable workforce housing should be a cooperative regional effort.

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	<p>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.</p>		<p>There is concern about funding off-island affordable housing units. The most efficient affordable housing solution may be off-island. The Town has already set a precedent of participating regionally by the purchase of development rights off-island.</p>
<p>What role does transportation play in the success of both Town and regional projects?</p>	<p>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</p>	<p>PPC agreed with staff's response.</p>	<p>Transportation is equally as important as housing; it plays a major role. The Town will need to look beyond the existing transportation system.</p>

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	future to include additional routes, both on-island and from the island to the mainland.		
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. The Town has to be an active participant in the process (management, quality control, providing layered financing, etc.) but the Town is not the sole provider in developing housing.	The focus should be on public/private partnerships with the private sector providing funding and the Town assisting with regulatory changes. The Town should play a strong advocacy, education and promotion role. Depending on where efforts fall on the AMI scale, the role of government changes.

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<p>Should a Housing Authority, Redevelopment Authority or similar entity implement and manage this effort?</p>	<p>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 affordable workforce housing since it is focused only on redevelopment.</p>	<p>Town should not be developer or managing component. The Town needs more information on these options.</p>	<p>Provide additional information about how the Beaufort County Housing Authority functions and why it would make a Town Housing Authority unnecessary. The Town should not own any affordable housing but should manage the programs that establish affordable workforce housing. The Town should consider a program such as a Community Based Development Organization (CBDO) that would allow the Town to qualify for HUD funding. The consultant should advise whether or not a Redevelopment Authority would be appropriate given the Town's desire to accommodate the effort by redevelopment of vacant/under-utilized properties.</p>

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<p>Are any of the following housing types off of the table:</p> <ul style="list-style-type: none"> • apartments • houses • dormitories • accessory dwelling units • garage apartments • mobile homes • tiny homes • townhouses 	<p>All housing types should be considered however staff believes mobile homes should not be considered a long-term affordable workforce housing solution</p>	<p>Everything should be on the table. The Town should disincentivize development of mobile home density and incentivize the other options.</p>	<p>All housing types should be available to provide the most flexibility. The Town will need to decide if we are trying to create temporary or permanent solutions. Temporary solutions such as the housing of J1 and H2B workers may need to be handled by the private sector. Not all workforce housing units should be the same.</p>
<p>How should the Town prioritize areas for redevelopment?</p> <ol style="list-style-type: none"> 1. redevelopment 2. adaptive re-use 3. vacant land 	<p>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</p>	<p>Any of these options might be good depending on the area where the development is proposed. The Town will have to create bigger incentives in areas of redevelopment and re-use because would expect developers to prefer to use vacant land.</p>	<p>The staff ranking is appropriate. Determining how to re-use older properties and preserve land will be what will distinguish the Town in the future. The layering of funding sources will be important for accomplishing all three options and will influence implementation. The opportunity to use vacant land for a creative development</p>

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	<p>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.</p>		<p>should be an option.</p>
<p>Should the Town develop a program to maintain existing affordable housing units?</p>	<p>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</p>	<p>The Town wants to consider a home maintenance program similar to Bluffton's program but with our own regulations. Consider partnering with Deep Well.</p>	<p>The Town should look to the giving community (charitable, volunteer organizations/groups) to provide this service.</p>

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	maintenance of existing affordable housing units.		
What does success look like after 1 year?	After one 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 workforce housing program, and ground broken on an affordable workforce housing development. Does this vision match Council's vision of what success looks like after one year?	The Town needs to develop a funding strategy and consider how to deal with long-term sustainability.	TBD

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Additional miscellaneous comments from Town Council and the public:

- Take a reactive role: garage apartments, accessory units; tie it to employment; not just resort rental; the hurdles would be zoning, density and covenants.
- Affordable workforce housing would be a good way to use underutilized or vacant buildings.
- 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.
- Repurpose vacant property; consider mixed use developments.
- Look at examples of affordable housing in Columbus, GA (redevelopment) and Destin, FL (Bayshore).
- Allowing the private sector to develop a project makes economic sense, because these projects need to be expedited.
- 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.
- 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.
- There is an aesthetic issue and long term maintenance issue with mobile homes but they also provide income. Mobile homes should be left on the table because they are transitional housing.
- Transition open space bond into a bond specifically to purchase land for affordable workforce housing projects. Consider some sort of land banking program.
- 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 should look at more than just income when considering how to qualify people for affordable workforce housing.
- Consider having some sort of threshold requirement – employees have to live/work on HHI for a certain period of time before qualifying for an affordable housing unit.

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- If federal funding is involved, there may be some limitations on having a clause that dictates where you live or work.
- Include livable wage in the information that is provided to the consultant and know how it compares to what is paid elsewhere in the County.
- Ensure that any tools considered by the Town won't be in violation of federal fair housing policies.
- Only long-term rental projects should be considered at the beginning of the program.
- Put affordable workforce housing in areas of HHI where businesses (workplaces and retail), schools and recreational areas are located.
- Parking, setbacks and open space can be problematic for developers.
- Transportation is a key influencer for workforce housing because of land value.
- The Town needs a better on-island transportation system – this will help workers to have more money to spend on housing.
- Talk to owners of vacant buildings and ask what incentives are necessary for them to redevelop the property into part retail/part residential.
- The Town should work with native islanders to help them figure out how to develop businesses on their property that don't require them to sell their land.
- Look for opportunities to replace mobile homes with more permanent structures.