



Presentation to the Town Council's  
Public Planning Committee

April 10, 2019



# Project Schedule & Tasks

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# Outline

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Workforce Housing Needs on Hilton Head Island

Workforce Housing Definitions

Workforce Housing Strategy Recommendations

# Workforce Housing Needs

A lack of workforce housing on the Island is an impediment to recruiting and retaining both private-sector and public-sector employees.

Increasingly, people working on Hilton Head Island commute from elsewhere in Beaufort County and beyond.

Working households, including both those who currently live on Hilton Head Island and those who work on the Island but live elsewhere, have an increasingly hard time finding housing they can afford.

| Industry                                      | Estimated No. of Workers | Median Wage (\$) | Affordable Rent (\$)* | Affordable Homeownership (\$)** |
|---|--------------------------|------------------|-----------------------|---------------------------------|
| Accommodation & Food Services                 | 5,000                    | 22,622           | 566                   | 158,354                         |
| Retail Trade                                  | 2,600                    | 25,993           | 650                   | 181,951                         |
| Administrative & Building Support Services    | 2,400                    | 20,850           | 521                   | 145,950                         |
| Health Care & Social Assistance               | 2,400                    | 50,510           | 1,263                 | 353,570                         |
| Arts, Entertainment & Recreation              | 1,200                    | 23,497           | 587                   | 164,479                         |
| Real Estate & Rental & Leasing                | 1,200                    | 46,383           | 1,160                 | 324,681                         |
| Professional, Scientific & Technical Services | 900                      | 49,327           | 1,233                 | 345,289                         |
| Construction                                  | 900                      | 28,138           | 703                   | 196,966                         |
| Finance & Insurance                           | 600                      | 51,359           | 1,284                 | 359,513                         |
| Public Administration***                      | 600                      | 39,361           | 984                   | 275,527                         |
| Transportation & Warehousing                  | 100                      | 41,436           | 1,036                 | 290,052                         |

Source: U.S. Census Bureau, American Community Survey

\*Rent affordable to one worker at median wage.

\*\*Home price affordable to two workers at median wage, assuming a home price that is 3.5 times annual household income.

\*\*\*Includes teachers, police officers and fire fighters, as well as other state and local government staff.

# Workforce Housing Targets

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The Town should set as a goal facilitating the construction of 200 total net new housing units each year, including:

- 100 net new rental units annually, with at least 25% of units renting for \$750 or less and 25% renting for between \$750 and \$1,000.
- 100 net new homeownership units annually, with 33% of units priced at \$250,000 or below.

# Workforce Housing Definitions

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## Income Limits:

Up to 80% AMI for rental housing

Up to 100% AMI for for-sale housing

| Income Group | Household Size |          |          |          |
|--------------|----------------|----------|----------|----------|
|              | 1-person       | 2-person | 3-person | 4-person |
| 30% AMI      | 15,200         | 17,350   | 20,780   | 25,100   |
| 50% AMI      | 25,300         | 28,900   | 32,500   | 36,100   |
| 80% AMI      | 40,450         | 46,200   | 52,000   | 57,750   |
| 100% AMI     | 50,600         | 57,800   | 65,000   | 72,200   |

HUD Office of Policy Development & Research, FY 2018 Income Limits

<https://www.huduser.gov/portal/datasets/il.html>

# Workforce Housing Definitions

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## Rents:

Efficiency or studio (i.e., no separate bedroom): 30% of monthly income for an individual earning between 30 and 80% of AMI

One-bedroom: 30% of monthly income for a two-person household earning between 30 and 80% of AMI

Two+ bedroom: 30% of monthly income for a three-person household earning between 30 and 80% of AMI

| Unit Type                                     | Workforce Housing Rents |
|---|-------------------------|
| Efficiency/studio (i.e., no separate bedroom) | \$380 - \$1,011         |
| One-bedroom                                   | \$434 - \$1,155         |
| Two-bedroom                                   | \$520 - \$1,300         |

# Workforce Housing Definitions

## Prices:

### Initial Sales Prices

**Condos:** Assume targeting 100% AMI for a one-person household

| Target Income                      | Interest Rate | Down Payment | Other Monthly Debt | Property Tax Rate | Home Insurance Rate | Monthly Condo fee | Max Price |
|------------------------------------|---------------|--------------|--------------------|-------------------|---------------------|-------------------|-----------|
| 1-person<br>100% AMI<br>(\$50,600) | 4.415%        | \$5,000      | \$500              | 0.48%             | 0.25%               | \$200             | \$131,400 |

**Single-family homes:** Assume targeting 100% AMI for a four-person household

| Target Income                      | Interest Rate | Down Payment | Other Monthly Debt | Property Tax Rate | Home Insurance Rate | Monthly Condo fee | Max Price |
|------------------------------------|---------------|--------------|--------------------|-------------------|---------------------|-------------------|-----------|
| 4-person<br>100% AMI<br>(\$72,200) | 4.415%        | \$5,000      | \$500              | 0.48%             | 0.25%               | \$0               | \$263,400 |

# Workforce Housing Definitions

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## Prices:

### Resale Prices

Based on 10-year rolling average of increase in AMI

|  |   |
|--|---|
| Year bought:                           | 2019  |
| Original sales price:                  | \$263,400   |
| Change in AMI, 10-year rolling average | 22%   |
| Year sold:                             | 2024 (owned for five years)   |
| Re-sale price                          | \$292,374 (original sales price plus 11%, but still affordable to a household with an income of 100% AMI in 2024) |

# Workforce Housing Definitions

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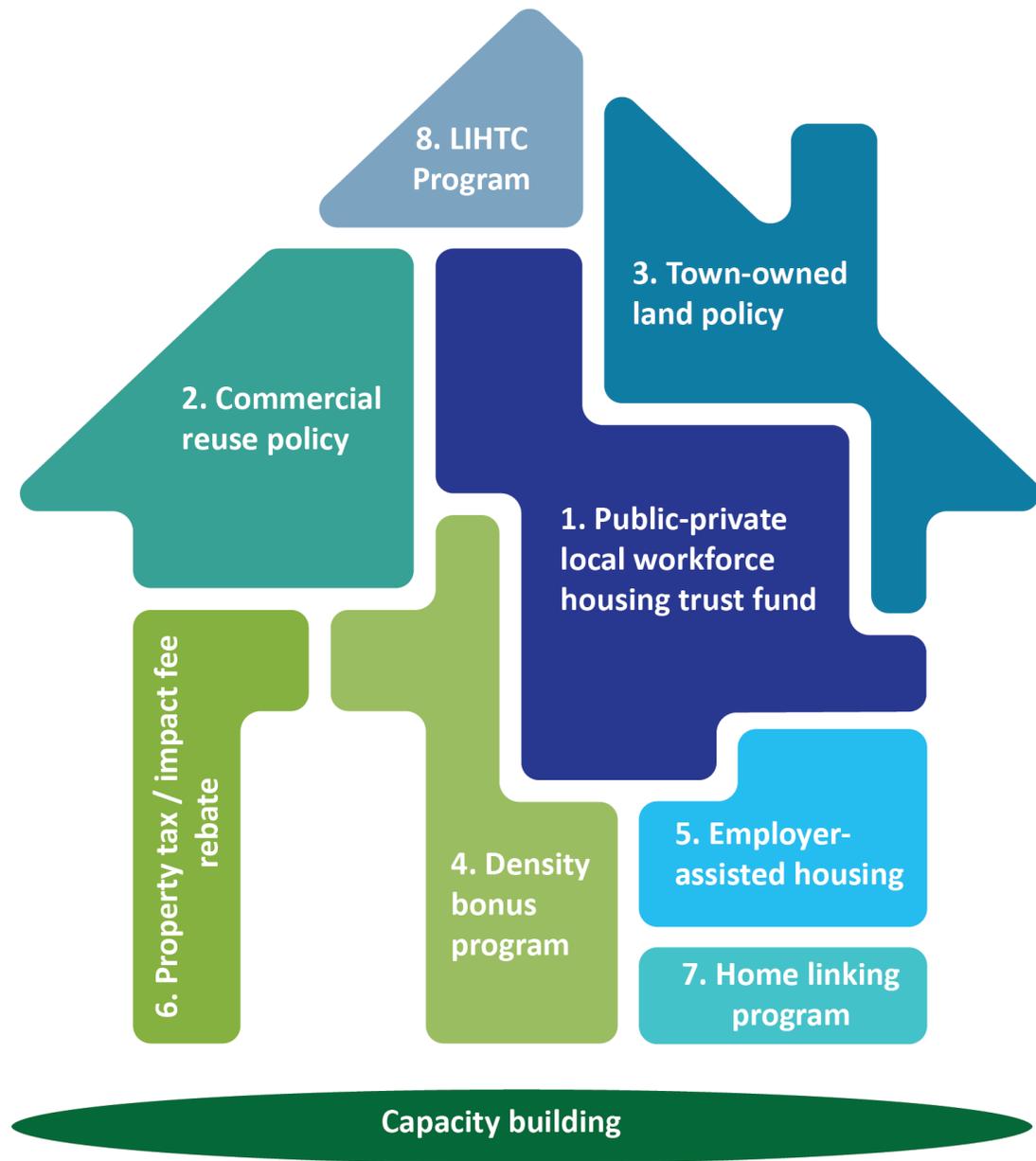
## **Affordability Terms:**

Ownership units: 15-year affordability term,  
with the term reset upon re-sale

Rental units: 99-year affordability term

## **Priority Groups:**

New workers with documentation of  
acceptance of a position with an employer on  
Hilton Head Island and current Hilton Head  
Island workers.



## Workforce Housing Strategy: An integrated plan

# Workforce Housing “Toolbox”

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## **PRODUCTION STRATEGIES**

**Incentive-Based Inclusionary Zoning (Density Bonus)**

**Adaptive/Commercial Reuse**

**Public Land**

Faith-Based Development

Community Land Trust & Land Bank

Transfer of Development Rights

Form-Based Code

Mixed-Use, Mixed-Income Policy

Expedited Permitting

**Fee Waivers**

Reduced Parking

Accessory Dwelling Units

## **FINANCIAL TOOLS**

**Local Housing Trust Fund**

National/South Carolina Housing Trust Fund

Opportunity Zone

Social Impact Investing

**AirBnB Taxes**

Tax Increment Financing

**General Obligation Bonds**

**Property Tax Abatements/Rebates**

## **PRESERVATION STRATEGIES**

Single-Family Rehabilitation

Manufactured Home & Site Rehabilitation

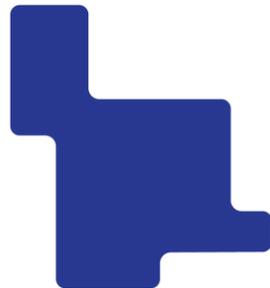
# Workforce Housing Strategic Plan

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## 1. Establish a public-private local workforce housing trust fund

Estimated costs: \$200,000 annually (near-term)

Partners: Town Council, Community Development Dept., County Housing Authority, Chamber of Commerce, Financial Institutions



### Near-term (w/in 1 year):

Set up and seed the fund

### Mid-term (w/in 2 to 3 years):

Fund one project

Identify dedicated source of funding

### Longer-term (4+ years):

Explore an in-lieu fee option under density bonus program

Advocate for authority to increase hospitality tax

# Workforce Housing Strategic Plan

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## 2. Establish a commercial reuse policy

Estimated costs: Administrative

Partners: Community Development Dept.,  
Nonprofit and For-profit Developers,  
Financial Institutions



### Near-term (w/in 1 year):

Allow rezoning requests

Establish density based on FAR, allow bonus

Require 50-100% workforce housing

### Mid-term (w/in 2 to 3 years):

Develop a motel conversion ordinance

Adopt a vacant fee structure

### Longer-term (4+ years):

Offer financial incentives

# Workforce Housing Strategic Plan

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## 3. Make some Town-owned land available for workforce housing

Estimated costs: Administrative, property/impact fee rebate

Partners: Town Council, Community Development Dept., Nonprofit and For-profit Developers



### Near-term (w/in 1 year):

Prioritize sites (not dedicated to open space/preservation, no already programmed, appropriate for workforce housing)

Issue an RFP

### Mid-term (w/in 2 to 3 years):

Solicit feedback on RFP process

Issue a 2<sup>nd</sup> RFP

### Longer-term (4+ years):

Consider issuing bonds to purchase additional land

# Workforce Housing Strategic Plan

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## 4. Establish a density bonus program for workforce housing

Estimated costs: Administrative

Partners: Town Council,  
Planning Commission,  
Community Development  
Dept., Nonprofit and For-profit  
Developers

### Near-term (w/in 1 year):

Modify the LMO to allow bonus density in certain zoning districts

Offer financial incentives

### Mid-term (w/in 2 to 3 years):

Re-examine density bonus areas in light of Comprehensive Plan update

Solicit feedback on density bonus program

### Longer-term (4+ years):

# Workforce Housing Strategic Plan

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## 5. Expand employer-assisted housing programs

Estimated costs: \$75,000 (near-term)

Partners: Town Council, County Housing Authority, Chamber of Commerce, Financial Institutions



### Near-term (w/in 1 year):

Offer downpayment assistance to public employees

Promote state/county homebuying programs

Encourage private-sector to offer assistance

### Mid-term (w/in 2 to 3 years):

Explore options for local public-private rental grant program

### Longer-term (4+ years):

# Workforce Housing Strategic Plan

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## 6. Offer property tax and impact fee rebates

Estimated costs: ~\$100,000 annually

Partners: Town Council, County Housing Authority, Chamber of Commerce, Finance Dept., Community Development Dept.

### Near-term (w/in 1 year):

Offer property tax and/or impact fee rebates to workforce housing projects

### Mid-term (w/in 2 to 3 years):

Discuss options with the county for expanding property tax/impact fee rebates

### Longer-term (4+ years):

# Workforce Housing Strategic Plan

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## 7. Partner on a home linking/home sharing program

Estimated costs: ~\$12,000 (near-term)

Partners: Community Development  
Dept., County Housing Authority,  
Chamber of Commerce



### Near-term (w/in 1 year):

Coordinate with the Chamber to determine interest in program

Assign responsibility for elements of the program

### Mid-term (w/in 2 to 3 years):

Expand program/portal in partnership with other communities

### Longer-term (4+ years):

# Workforce Housing Strategic Plan

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## 8. Make rental housing projects more competitive for Low-Income Housing Tax Credits

Estimated costs: Administrative

Partners: Town Council, Finance Dept.,  
Community Development Dept., County  
Housing Authority, Non-Profit  
Developers



**Near-term** (w/in 1 year):

**Mid-term** (w/in 2 to 3 years):

Continue to advocate for changes to the state's QAP

**Longer-term** (4+ years):

Explore options for private activity bonds to leverage the 4% credit

# Workforce Housing Strategic Plan

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## **Capacity Building**

Develop relationships with local and regional residential developers.

Establish procedures for monitoring workforce housing units.

Continue education and outreach activities.

Create a dedicated staff persons to serve as the workforce housing coordinate/planner.



| Strategy  | Near-term | Mid-term | Longer-term |
|---|-----------|----------|-------------|
| <b>1 Establish a public-private local workforce housing trust fund</b>  |           |          |             |
| Identify the appropriate organization to administer the housing trust fund  |           |          |             |
| Establish goals and funding mechanisms for the trust fund   |           |          |             |
| Establish the process for receiving applications for trust fund resources   |           |          |             |
| Allocate local public resources in FY2020 in the amount of \$200,000  |           |          |             |
| Establish employer commitments of resources to the fund in the amount of at least \$200,000 in FY2020   |           |          |             |
| Allocate trust fund resources to at least one project or program  |           |          |             |
| Identify a dedicated source of local public funding to the local housing trust fund that would come outside of the annual budget allocation process |           |          |             |
| Monitor and report out projects and programs supported with trust fund resources  |           |          |             |
| Explore creating an in-lieu fee/contribution option to the trust fund as part of the bonus density program  |           |          |             |
| Advocate for state authorization to increase the local hospitality tax as a dedicated source of funding for the trust fund                          |           |          |             |
|   |           |          |             |
| <b>2 Create commercial reuse policy</b>   |           |          |             |
| Allow developers to request a zoning change to accommodate workforce housing on a   |           |          |             |
| Develop a motel conversion ordinance  |           |          |             |
| where mixed-use redevelopment is appropriate  |           |          |             |
| Adopt a vacant structure fee  |           |          |             |
| Offer financial incentives to developers interested in repurposing commercial space as workforce housing  |           |          |             |
| Evaluate the effectiveness of the policy and revise, as necessary   |           |          |             |

| Strategy  | Near-term | Mid-term | Longer-term |
|---|-----------|----------|-------------|
| <b>3 Make Town-owned land available</b>   |           |          |             |
| For Town-owned land where the bond restrictions do not explicitly say land is to be dedicated for conservation/open space and where land is not already programmed, prioritize sites for development of workforce housing |           |          |             |
| Issue an RFP for development of a 100% workforce housing or mixed-income housing on one Town-owned site   |           |          |             |
| Solicit feedback from the developer community on the RFP process  |           |          |             |
| Identify a second Town-owned site for workforce housing   |           |          |             |
| Consider issuing bonds to purchase land specifically for workforce housing  |           |          |             |
| Monitor and report out on the projects built with Town-owned land and modify the policy, as necessary   |           |          |             |
|   |           |          |             |
| <b>4 Establish a density bonus program</b>  |           |          |             |
| Modify the LMO to include a bonus density as an option in the certain zoning districts as part of a Workforce Housing Overlay   |           |          |             |
| Offer financial incentives to support workforce housing developed through the Town's density bonus program  |           |          |             |
| Re-examine areas associated with zoning districts where density bonus is allowed for moderate to high density residential and/or mixed-use development as part of the Comprehensive Plan Update.                          |           |          |             |
| Monitor and report out on the bonus density program and seek out feedback from the development community.   |           |          |             |
| Explore modifications to the bonus density program based on feedback from developers and other stakeholders.  |           |          |             |

| Strategy   | Near-term | Mid-term | Longer-term |
|--|-----------|----------|-------------|
| <b>5 Expand employer-assisted housing programs</b>   |           |          |             |
| Offer down payment assistance to targeted public sector staff  |           |          |             |
| Promote County and State first-time homebuyer programs   |           |          |             |
| Encourage local private-sector employers offer assistance to its employees   |           |          |             |
| Explore options for a local public-private rental voucher program  |           |          |             |
| Monitor and report on public and private-sector housing assistance programs  |           |          |             |
|  |           |          |             |
| <b>6 Offer property tax and impact fee rebates</b>   |           |          |             |
| Offer property tax and/or impact fee rebates for projects that include workforce housing                             |           |          |             |
| Discuss options with the County for offering property tax and/or impact fee rebates to workforce housing projects    |           |          |             |
| necessary  |           |          |             |
|  |           |          |             |
| <b>7 Partner on a home linking/home sharing program</b>  |           |          |             |
| Coordinate with the Chamber of Commerce to determine interest in a home linking/home sharing service                 |           |          |             |
| Assign responsibility for elements of the program  |           |          |             |
| Expand home linking/home sharing portal in partnership with communities throughout the County                        |           |          |             |
| necessary.   |           |          |             |
|  |           |          |             |
| <b>8 Make rental projects more competitive for Low Income Housing Tax Credits</b>                                    |           |          |             |
| Continue to advocate for changes to the state's QAP to make projects on Hilton Head Island more competitive          |           |          |             |
| Explore local options for private activity bond financing to leverage the four-percent Low Income Housing Tax Credit |           |          |             |



Questions/Discussion

