

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. 2020-26

PROPOSED ORDINANCE NO. 2020-25

AN ORDINANCE TO AMEND TITLE 16 OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, THE LAND MANAGEMENT ORDINANCE (LMO), CHAPTERS 2, 3, 4, 5, AND 10. THESE AMENDMENTS, COMMONLY REFERRED TO AS *WORKFORCE HOUSING LMO AMENDMENTS* AS NOTICED IN THE ISLAND PACKET ON *JULY 19, 2020*, INCLUDE CHANGES THAT ADD WORKFORCE HOUSING AS A PERMITTED BY CONDITION USE IN CERTAIN ZONING DISTRICTS AND CREATES A WORKFORCE HOUSING PROGRAM AS DESCRIBED IN EXHIBIT “A” TO THIS ORDINANCE, AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, on October 7, 2014, the Town Council did adopt a new Land Management Ordinance (LMO); and

WHEREAS, Town Council identified Workforce Availability, including Workforce Housing, as a Key 2018 Town Council Priority; and

WHEREAS, on November 5, 2019, Town Council accepted the Workforce Housing Strategic Plan prepared by Lisa Sturtevant & Associates, LLC and approved a policy framework for a workforce housing program on the island; and

WHEREAS, on December 19, 2019, Town staff met with the Public Planning Committee to develop criteria to identify areas of the island to target for workforce housing initiatives; and

WHEREAS, from time to time it is necessary to amend the LMO; and

WHEREAS, the LMO Committee held public meetings on February 6, 2020 and August 11, 2020 at which time a presentation was made by Staff and an opportunity was given for the public to comment on the proposed amendments; and

WHEREAS, the LMO Committee recommended that the proposed amendments be forwarded to the Planning Commission with a recommendation of approval; and

WHEREAS, the Planning Commission held a public hearing on August 19, 2020 at which time a presentation was made by Staff and an opportunity was given for the public to comment on the proposed LMO amendments; and

WHEREAS, after consideration of the Staff presentation and public comments the Planning Commission voted 8-0 to forward the proposed amendments to the Public Planning Committee with a recommendation of approval; and

WHEREAS, the Public Planning Committee held a public meeting on August 27, 2020 at which time a presentation was made by Staff and an opportunity was given for the public to comment on the proposed LMO amendments; and

WHEREAS, after consideration of the Staff presentation and public comments, the Public Planning Committee voted 2-1 to recommend approval of the proposed LMO amendments; and

WHEREAS, after due consideration of said LMO amendments and the recommendations of the Planning Commission and Public Planning Committee, the Town Council, upon further review, finds it is in the public interest to approve the proposed amendments; and

WHEREAS, it is the intent of Town Council that, and language to the contrary notwithstanding, these Zoning Amendments apply only to the conversion of existing commercial spaces.

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AND IT IS ORDAINED BY THE AUTHORITY OF THE SAID COUNCIL:


Section 1. Amendment. That the *Workforce Housing LMO Amendments* are adopted and the Land Management Ordinance is amended as shown on Exhibit "A" to this Ordinance. Newly added language is illustrated with double underline and deleted language is illustrated with ~~strikethrough~~.

Section 2. Severability. If any section, phrase, sentence or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 3. Effective Date. This Ordinance shall be effective upon its adoption by the Town Council of the Town of Hilton Head Island, South Carolina.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS 4th DAY OF November, 2020.

THE TOWN OF HILTON HEAD
ISLAND, SOUTH CAROLINA



John McCann, Mayor

ATTEST:



Krista Wiedmeyer, Town Clerk

Public Hearing: August 19, 2020
First Reading: October 6, 2020
Second Reading: November 4, 2020

APPROVED AS TO FORM.

A handwritten signature in cursive script, appearing to read "Curtis L. Coltrane", written over a horizontal line.

Curtis L. Coltrane, Town Attorney

Introduced by Council Member: William D. Harkins

Exhibit A

Workforce Housing LMO Amendments

Chapter 16-2: Administration

Section 16-2-103.G.2.b Development Plan Review (Minor or Major)

2. Applicability

b. Minor or Major Development Plans

There are two types of Development Plans: Minor and Major.

- i. Approval of a Minor Development Plan is required for the following types of development, provided the development does not involve any wetland alteration:
 01. Accessory uses and structures;
 02. Temporary uses and structures, including temporary construction storage and staging; and
 03. Any other development that does not involve construction of a new building or addition, such as parking lot changes, new pools or decks, recreation fields or courts, or changes in general site design.
 04. Any nonresidential structure(s) that is converted to mixed-use or multifamily.
- ii. Approval of a Major Development Plan is required for all other development subject to Development Plan Review.

Chapter 16-3: Zoning Districts

Section 16-3-105. Mixed-Use and Business Districts

Section 16-3-105.B Coligny Resort (CR) District, Section 16-3-105.G Marshfront (MF) District, Section 16-3-105.J Neighborhood Commercial (NC) District, and Section 16-3-105.L Resort Development (RD) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
Mixed-Use	PC	Sec. 16-4-102.B.1.a	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ²				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = dwelling units ; sf = square feet; GFA = gross floor area in square feet; ft = feet; n/a = not applicable				
2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.				

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Section 16-3-105.C Community Commercial (CC) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
<u>Residential Uses</u>				
<u>Mixed-Use</u> ³	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>Residential</u>	<u>1.125 per du</u>
			<u>Nonresidential</u>	<u>1 per 650 GFA</u>
<u>Multifamily</u> ³	PC	<u>Sec. 16-4-102.B.1.b</u>	<u>1 bedroom</u>	<u>1.4 per du</u>
			<u>2 bedrooms</u>	<u>1.7 per du</u>
			<u>3 or more bedrooms</u>	<u>2.0 per du</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
<u>Residential</u> ²				
TABLE NOTES: P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = <i>dwelling units</i> ; sf = square feet; GFA = <i>gross floor area</i> in square feet; ft = feet; n/a = not applicable <u>2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u> <u>3 The minimum number of off-street parking spaces for mixed-use or multifamily development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

Section 16-3-105.D Light Commercial (LC) District, Section 16-3-105.F Main Street (MS) District, Section 16-3-105.M and Sea Pines Circle (SPC) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<i>Mixed-Use</i> ³	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ²				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = dwelling units ; sf = square feet; GFA = gross floor area in square feet; ft = feet; n/a = not applicable				
<u>2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u>				
<u>3. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

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Section 16-3-105.H Medical (MED) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<u>Mixed-Use</u> ³	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>Residential</u>	<u>1.125 per du</u>
			<u>Nonresidential</u>	<u>1 per 650 GFA</u>
<u>Multifamily</u> ³	PC	<u>Sec. 16-4-102.B.1.b</u>	<u>1 bedroom</u>	<u>1.4 per du</u>
			<u>2 bedrooms</u>	<u>1.7 per du</u>
			<u>3 or more bedrooms</u>	<u>2.0 per du</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
<u>Residential</u> ²				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = dwelling units ; sf = square feet; GFA = gross floor area in square feet; ft = feet; n/a = not applicable				
<u>2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u>				
<u>3. The minimum number of off-street parking spaces for mixed-use or multifamily development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

Section 16-3-105.I Mitchelville (MV) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<i>Mixed-Use</i> ²	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<u><i>Workforce Housing</i></u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ¹				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = <i>dwelling units</i> ; sf = square feet; GFA = <i>gross floor area</i> in square feet; ft = feet; n/a = not applicable				
<u>1. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u>				
<u>2. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

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Section 16-3-105.K Planned Development Mixed Use (PD-1) District

3. Principal Uses Restricted by Master Plan

The Master Plans and associated text, as approved and amended by the Town, establish general permitted uses for the respective PUDs, except as may be modified by an overlay zoning district. Undesignated areas on these Master Plans shall be considered as *open space*. The following uses are restricted to locations where a Town-approved Master Plan or associated text specifically states such uses are permitted. In addition, the use-specific conditions referenced below shall apply to any new such use or change to the site for any existing such use.

USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES
Residential Uses			
<u>Mixed-Use</u>	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>See Sec. 16-5-107.D.2</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>

4. Development Area Densities

MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ¹				

TABLE NOTES:
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1. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.

Section 16-3-105.O Waterfront Mixed-Use (WMU) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<i>Mixed-Use</i> ⁴	PC	<u>Sec. 16-4-102.B.1.a</u>	Residential	1.125 per du
			Nonresidential	1 per 650 GFA
<u><i>Workforce Housing</i></u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ³				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = <i>dwelling units</i> ; sf = square feet; GFA = <i>gross floor area</i> in square feet; ft = feet; n/a = not applicable				
<u>3. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u>				
<u>4. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

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Section 16-3-105.N Stoney (S) District

2. Allowable Principal Uses				
USE CLASSIFICATION/TYPE		USE-SPECIFIC CONDITIONS	MINIMUM NUMBER OF OFF-STREET PARKING SPACES	
Residential Uses				
<u>Mixed-Use</u> ³	PC	<u>Sec. 16-4-102.B.1.a</u>	<u>Residential</u>	<u>1.125 per du</u>
			<u>Nonresidential</u>	<u>1 per 650 GFA</u>
<u>Workforce Housing</u>	PC	<u>Sec 16-4-102.B.1.d</u>	<u>See Sec. 16-5-107.D.2</u>	
3. Development Form Standards				
MAX. DENSITY (PER NET ACRE)			LOT COVERAGE	
Residential ²				
TABLE NOTES:				
P = Permitted by Right; PC = Permitted Subject to Use-Specific Conditions; SE = Allowed as a Special Exception; du = dwelling units ; sf = square feet; GFA = gross floor area in square feet; ft = feet; n/a = not applicable				
<u>2. For development that converts nonresidential square footage to residential use refer to Sec. 16-10-102.B.1.</u>				
<u>3. The minimum number of off-street parking spaces for mixed-use development that contains workforce housing shall be calculated based on Section 16-5-107.D.2.</u>				

Chapter 16-4: Use Standards

TABLE 16-4-102.A.6: PRINCIPAL USE TABLE																				
P = Permitted by Right										PC = Permitted Subject to Use-Specific Conditions										
SE = Allowed as a Special Exception										Blank Cell = Prohibited										
USE CLASSIFICATION/ USE TYPE	SPECIAL DISTRICTS		RESIDENTIAL DISTRICTS						MIXED-USE AND BUSINESS DISTRICTS											USE-SPECIFIC CONDITIONS
	CON	PR	RSF-3	RSF-5	RSF-6	RM-4	RM-8	RM-12	CR	SP	CC	MS	WMUS	MF	MV	NC	LC	RD	MED	
RESIDENTIAL USES																				
Mixed-Use									PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	Sec. 16-4-102.B.1.a
Multifamily						P	P	P	PC	P	PC	P	P	P	P	P	P	P	P	Sec. 16-4-102.B.1.b
<u>Workforce Housing</u>									PC	PC	PC	PC	PC	PC	PC		PC		PC	<u>Sec 16-4-102.B.1.d</u>

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B. Use-Specific Conditions for Principal Uses

1. Residential Uses

Section 16-4-102.B.1.a

a. Mixed-Use

- i. Mixed-use development shall designate separate parking spaces for use by the residential units. The parking spaces designated for residential use shall not be included as part of a shared parking plan.
- ii. In the CR District, there shall be no dwelling units located on the first floor of any mixed-use development unless there are commercial services uses located between the street and the proposed dwelling units.
- iii. The density for the redevelopment/conversion of an existing nonresidential structure to mixed-use shall be based on the existing gross floor area and minimum unit sizes as described in Sec. 16-10-102.B.1.
- iv. Mixed-use development that includes workforce housing shall comply with the Workforce Housing Program as outlined in Sec. 16-4-105.

Section 16-4-102.B.1.b

b. Multifamily

- i. In the CR District, there shall be no dwelling units located on the first floor of any multifamily development unless there are commercial services uses located between the street and the proposed dwelling units.
- ii. Multifamily use in the CC and MED Districts shall only be permitted as part of a commercial conversion that includes WFH per Sec. 16-10-102.B.1.
- iii. Multifamily development that includes workforce housing shall comply with the Workforce Housing Program as outlined in Sec. 16-4-105.

Section 16-4-102.B.1.d

d. Workforce Housing

- i. Any development that includes workforce housing shall comply with the Workforce Housing Program as outlined in Sec. 16-4-105.
- ii. Workforce housing may be permitted in the PD-1 District through a Zoning Map Amendment in accordance with Sec. 16-2-103.C.
- iii. In the MS District, properties developed for WFH shall not be permitted on properties currently utilized as a school or fire station.

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- iv. In the S District, properties developed for WFH shall not have vehicular access to U.S. Route 278 (William Hilton Parkway).
- v. In the WMU District, properties developed for WFH shall not have vehicular access to Marshland Road.
- vi. In the LC District, properties developed for WFH shall not have vehicular access to U.S. Route 278 (William Hilton Parkway) between Wexford Drive and Singleton Beach Road.

Section 16-4-105. Workforce Housing (WFH) Program

A. Workforce Housing Density

All Units:

- 1. Commercial conversion projects that include at least 20% workforce housing units will be eligible for incentives as described in Sec. 16-10-102B.1, including:
 - a. A reduction in minimum unit sizes by 30% and;
 - b. Up to 50% of the units in the development may be micro-efficiency and/or studio units.

B. Standards for Workforce Housing Units

All Units:

- 1. For development that contains both market-rate and workforce housing units, the workforce units shall be mixed with, and not clustered together or segregated in any way from, market-rate units. If the development contains a phasing plan, the phasing plan shall provide for the development of workforce units concurrently with the market-rate units.
- 2. The workforce housing units shall include a range of unit sizes, based on the number of bedrooms, which are comparable to units in the overall development.
- 3. The exterior appearance of workforce housing units must be compatible and comparable with the rest of the units in the development by providing similar architectural style and similar exterior building materials, finishes, and quality of construction.
- 4. Prior to the issuance of a building permit for any units in a workforce housing development, the applicant shall execute any and all documents required by the Town, including, without limitation, restrictive covenants, deed restrictions, and related instruments to ensure affordability of workforce housing units in accordance with this Section.

Owner-occupied Units:

- 1. Developers shall enter into a Workforce Housing Agreement with the Town of Hilton Head Island, or its designee. Following execution of the agreement by all parties, the

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completed Workforce Housing Agreement, or memorandum thereof, shall be recorded and the conditions therefrom filed and recorded on the parcel or parcels designated for the construction of workforce housing units. The Workforce Housing Agreement shall be binding to all future owners and successors in interest. The agreement shall be in a form reviewed and approved by the Administrator.

- a. The agreement, at a minimum, shall establish the number of workforce housing units including their square footage, number of bedrooms, and location within the development. The agreement will also include terms and conditions of affordability, resale provisions, and other standards as set forth in Sec. 16-4-105.
 - b. Owner-occupied workforce housing units that are provided under Sec. 16-4-105 are subject to a Workforce Housing Agreement and shall remain as workforce housing for a minimum of 30 years from the date of initial certificate of occupancy.
 - c. A certificate of occupancy will not be issued until complete certified and recorded copies of the Workforce Housing Agreement have been provided to the Town.
2. Restrictive covenants for workforce housing units subject to the provisions of Sec. 16-4-105 shall be filed that require compliance with the following:
 - a. Owner-occupied workforce housing units shall only be sold to households earning 80 to 100% of the most recently published HUD area median income (AMI) for Beaufort County.
 - b. Owner-occupied workforce housing units shall remain in the WFH Program for a minimum of 30 years from the date of the initial certificate of occupancy.
 - c. Prior to the sale of an owner-occupied workforce housing unit, the Town, or its designee, shall be notified of the owner's intent to place the unit for sale and a Certificate of Eligibility (COE) shall be submitted by the potential buyer.
 - d. The workforce housing unit may be subject to a homeowners association (HOA). HOA dues for workforce housing units shall be a maximum of 75% of the HOA dues owed by market-rate unit owners.

Rental Units:

1. The Town will not issue a certificate of occupancy for any building that contains both market-rate and workforce housing rental units unless the development has complied with the workforce housing provisions as outlined in this Section.
2. The designation of a rental workforce housing unit is not required to stay with the same unit over the 30 year affordability period so long as the minimum number and type of workforce units are provided within the development.
3. Developers shall enter into a Workforce Housing Agreement with the Town of Hilton Head Island, or its designee. Following execution of the agreement by all parties, the completed Workforce Housing Agreement, or memorandum thereof, shall be

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recorded and the conditions therefrom filed and recorded on the parcel or parcels designated for the construction of workforce housing units. The Workforce Housing Agreement shall be binding to all future owners and successors in interest. The agreement shall be in a form reviewed and approved by the Administrator.

- a. The agreement, at a minimum, shall establish the number of workforce housing units including their square footage, number of bedrooms, and location within the development. The agreement will also include terms and conditions of affordability, rental rate provisions, and other standards as set forth in Sec. 16-4-105.
 - b. The agreement shall include a provision requiring the owner(s) of rental workforce housing units to submit annually a sworn affidavit to the Town, or its designee, certifying that the rental rate(s) meets the requirements of Sec. 16-4-105.F.
 - c. Rental workforce housing units that are provided under Sec. 16-4-105 are subject to a Workforce Housing Agreement and shall remain as workforce housing for a minimum of 30 years from the date of initial certificate of occupancy.
 - d. A certificate of occupancy will not be issued until complete certified and recorded copies of the Workforce Housing Agreement have been provided to the Town.
4. Restrictive covenants for workforce housing units subject to the provisions of Sec. 16-4-105 shall be filed that require compliance with the following:
- a. Rental workforce housing units shall only be rented to households earning 60 to 80% of the most recently published HUD AMI for Beaufort County.
 - b. Rental workforce housing units shall remain in the WFH Program for a minimum of 30 years from the date of the initial certificate of occupancy.
 - c. Rental workforce housing units shall not be occupied for a period less than 90 days.

C. Workforce Housing Income and Employment Regulations

All Units

1. Eligible households shall meet the income requirements of this Section and have at least one person who is employed by a lawfully licensed business located within the Town of Hilton Head Island.

Owner-occupied Units:

1. The eligibility of a household for a potential owner-occupied workforce housing unit shall be determined upon submittal of a Certificate of Eligibility (COE) to the Town, or its designee, verifying that the applicable income and employment regulations of this Section are met.
2. Per Sec. 16-8-102, failure to submit the required documentation prior to change in ownership shall constitute a violation of the restrictive covenants, the conditions of

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the certificate of occupancy, and this Section, and is subject to code enforcement action by the Town per Sec. 16-8-106.

3. Failure to submit the required documentation prior to change in ownership shall be considered a breach of the restrictive covenants, conditions, and restrictions set forth in the Section and the Town shall be entitled to seek such remedies as may be available by law.

Rental Units:

1. The property owner, or their designee, of a workforce housing unit shall upon lease renewal, but not less than annually, submit a COE to the Town, or its designee, verifying that the applicable income and employment regulations of this Section are met by all households occupying said workforce housing unit(s).
2. Upon lease renewal, eligible households shall include at least one person that is employed ten out of twelve months each year by a lawfully licensed business located within the Town of Hilton Head Island.
3. Per Sec. 16-8-102, failure to submit the required verification shall constitute a violation of the restrictive covenants, the conditions of the certificate of occupancy, and this Section, and is subject to code enforcement action by the Town per Sec. 16-8-106.
4. Failure to submit the required verification shall be considered a breach of the restrictive covenants, conditions, and restrictions set forth in the Section and the Town shall be entitled to seek such remedies as may be available by law.

D. Occupancy and Eligibility Requirements

Owner-occupied Units:

1. The household shall occupy the workforce housing unit as their sole residence.
 - a. If at any time the household no longer occupies the unit as their sole residence, the unit shall be sold.
2. Eligible households shall have an annual household income between 80 and 100% of the most recently published HUD AMI for Beaufort County.
3. Households must be eligible to purchase workforce housing units and obtain the appropriate COE from the Town, or its designee. A sales contract may not be executed before the household receives the COE.

Rental Units:

1. The household shall occupy the workforce housing unit as their sole residence.
2. Eligible households shall have an annual household income between 60 and 80% of the most recently published HUD AMI for Beaufort County.

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3. Households must be eligible to rent workforce housing units and obtain the appropriate COE from the Town, or its designee. A rental agreement may not be executed before the household receives the COE.
 - a. A COE must be renewed prior to the anniversary of a lease renewal. A lease shall not be renewed unless the entire development meets the eligibility requirements outlined in this Section.
 - b. The owner of the rental unit(s) shall be required to submit a sworn affidavit on an annual basis to the Town or its designee, certifying that the workforce housing unit rental rate(s) meets the requirements of Sec. 16-4-105.F.1.
 - c. Per Sec. 16-8-102, occupancy of a rental unit not consistent with this Section shall constitute a violation and is subject to code enforcement action by the Town per Sec. 16-8-106.
 - d. Occupancy of a rental unit not consistent with this Section shall be considered a breach of the restrictive covenants, conditions, and restrictions set forth in the Section and the Town shall be entitled to seek such remedies as may be available by law.

E. Workforce Housing Sale & Resale Price

Owner-occupied Units:

1. The initial sale price of a workforce housing unit shall be determined by the most recently published HUD annual household income limits.
2. The resale price of a workforce housing unit shall not exceed the initial purchase price paid by the owner of the unit with the following exceptions:
 - a. Customary closing costs and costs of sale;
 - b. Costs of real estate commissions paid by the seller if a licensed real estate salesperson is employed;
 - c. Consideration of permanent capital improvements installed by the seller; and
 - d. An inflation factor, based on Consumer Product Index, to be applied to the initial sale price of the unit.
3. All restrictions affecting the workforce housing unit shall be recorded in the deed at the time of initial sale or conveyance and in any future sales or conveyances of the unit.
4. Resale of workforce housing units shall be limited by deed restriction to a purchaser who meets the requirements of 16-4-105.D during the affordability period of the unit.

E. Workforce Housing Rental Rates

Rental Units:

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1. Maximum monthly rental rates for workforce housing shall be calculated using 80% of the most recently published HUD AMI for Beaufort County, multiplying by 30% and dividing by 12.
2. Rental rates shall remain consistent throughout the term of the lease.

Chapter 16-5: Development and Design Standards

Section 16-5-107. Parking and Loading Standards

D. Parking Space Requirements

1. Minimum Number of Parking Spaces

TABLE 16-5-107.D.1: MINIMUM NUMBER OF PARKING SPACES		
USE CATEGORY/USE TYPE	MINIMUM NUMBER OF PARKING SPACES ^{1,2,3,4}	
	CR DISTRICT	ALL OTHER DISTRICTS
RESIDENTIAL USES		
<u>Workforce Housing*</u>	<u>See Sec. 16-5-107.D.2</u>	<u>See Sec. 16-5-107.D.2</u>

*This includes Mixed-Use and Multifamily developments containing workforce housing units.

Chapter 10: Definitions, Interpretation and Measurement

Section 16-10-102. – Rules of Measurement

B. Density

1. Commercial Conversion

For conversion of non-residential square footage (commercial conversion) to residential or mixed-use development, density shall be based on the existing gross floor area and the minimum unit sizes established below:

Minimum Unit Sizes

<u>Unit Type</u>	<u>Market-Rate Conversion Minimum Unit Size</u>	<u>Workforce Housing Conversion Minimum Unit Size</u>
<u>Micro Efficiency</u>	<u>NA</u>	<u>280 square feet</u>
<u>Studio</u>	<u>NA</u>	<u>400 square feet</u>

Exhibit A

Workforce Housing LMO Amendments

<u>1-bedroom</u>	<u>800 square feet</u>	<u>560 square feet</u>
<u>2-bedroom</u>	<u>1,075 square feet</u>	<u>750 square feet</u>
<u>3-bedroom</u>	<u>1,330 square feet</u>	<u>930 square feet</u>

- 2. Density**
- 3. Gross Floor Area**
- 4. Net Acre**

Section 16-10-103. - Use Classifications, Use Types, and Definitions

A. Residential Uses

1. Description

The Residential Uses classification is primarily characterized by the residential occupancy of a dwelling unit by a household. Such household living uses include single-family dwellings and multifamily dwellings (triplexes and other multifamily development, including townhouse development). The Residential Uses classification also includes group living uses (the residential occupancy of a group of living units by persons who do not constitute a single-family), as well as recreational vehicle (RV) parks (providing spaces for overnight accommodation of people in a recreational vehicle), and workforce housing. Accessory uses commonly associated with Residential Uses are recreational activities, raising of pets, hobbies, parking of the occupants' vehicles, and administrative offices in multifamily, group living, ~~and~~ recreational vehicle (RV) parks, and workforce housing developments. Home occupations are accessory uses that are subject to additional regulations (see Sec. 16-4-103.E.3, Home Occupation).

2. Use Types and Definitions

Mixed-Use

Development that includes two or more different uses, which shall include multifamily or workforce housing use and one or more of the Office uses, as described in Sec. 16-10-103.F or one or more of the Commercial Services uses, as described in Sec. 16-10-103.G or some combination thereof. Such uses should be functionally integrated and share vehicular use areas, ingress/egress, and pedestrian access.

Workforce Housing

Housing that is affordable at 60-100% of the Area Median Income (AMI) for Beaufort County.

Section 16-10-104. – Table of Abbreviations

Exhibit A

Workforce Housing LMO Amendments

TABLE 16-10-104: ABBREVIATIONS	
ABBREVIATION	COMPLETE TERM
ac	Acre
AADT	Annual Average Daily Traffic
ACI	Adjusted Caliper Inches
ADA	Americans with Disabilities Act
ADT	Average daily trips
ANSI	American National Standards Institute
AASHTO	American Association of State Highway and Transportation Officials
AMI	<u>Area Median Income</u>
BFE	Base flood elevation
BMP	Best management practice
COE	<u>Certificate of Eligibility</u>
DBH	Diameter at breast height
DRB	Design Review Board
CIP	Capital Improvements Program
DHEC	South Carolina Department of Health and Environmental Control
du	Dwelling unit(s)
EV	Electric vehicle
FAA	Federal Aviation Administration
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Maps
ft	Feet
GFA	Gross floor area
HHI	Hilton Head Island
HUD	<u>U.S. Department of Housing and Urban Development</u>
IBC	International Building Code
IESNA	Illuminating Engineering Society of North America
ITE	Institute of Transportation Engineers
LMO	Land Management Ordinance
LOS	Level of service
MSL	Mean sea level
NAD	North American Datum
NAVD	North American Vertical Datum
NPDES	National Pollutant Discharge Elimination System
OCRM	(DHEC) Office of Ocean and Coastal Resource Management
PD	Planned development
PSD	Public Service District
PUD	Planned unit development
SC	South Carolina
S.C. Code of Laws	Code of Laws of South Carolina

Exhibit A

Workforce Housing LMO Amendments

TABLE 16-10-104: ABBREVIATIONS	
ABBREVIATION	COMPLETE TERM
SCDOT	South Carolina Department of Transportation
sf	Square feet
USACOE	United States Army Corps of Engineers
WEC	Wind energy conversion
<u>WFH</u>	<u>Workforce Housing</u>

Section 16-10-105. - General Definitions

Area Median Income (AMI)

The median income level for Beaufort County, as established and defined in the annual schedule published by the Secretary of the U.S. Department of Housing and Urban Development, (HUD), adjusted for household size.

Household

One or more people who occupy (live in) the same dwelling.

Household Income

The aggregate total of income earned by every member of a household.



TOWN OF HILTON HEAD ISLAND

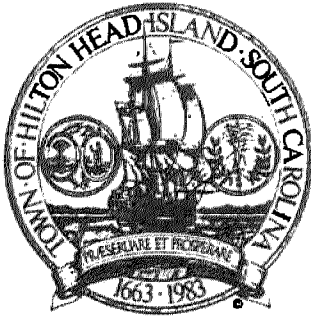
Community Development Department

TO: Stephen G. Riley, ICMA~CM, *Town Manager*
VIA: Shawn Colin, AICP, *Director of Community Development*
VIA: Jennifer Ray, ASLA, *Deputy Director of Community Development*
FROM: Jayme Lopko, AICP, *Senior Planner*
CC: Teri Lewis, AICP, *Deputy Director of Community Development*
DATE: October 22, 2020
SUBJECT: Proposed Ordinance 2020-25 - Workforce Housing LMO Amendments

Town Council reviewed Proposed Ordinance 2020-25 regarding Workforce Housing LMO Amendments at their October 6, 2020 meeting. At that meeting, Town Council voted unanimously to adopt the amendments related to Commercial Conversion, further recommending that Town Council not adopt the amendments related to bonus density at this time.

Per State Code Section 6-29-760, if Town Council recommends a change to a proposed text amendment after the public hearing, then that text amendment must be reviewed again by the Planning Commission before the change can be adopted by Town Council. The changes proposed by Town Council to remove amendments related to bonus density were required to go back to the Planning Commission for their review and comment.

Planning Commission met on October 21, 2020 and unanimously recommended that Town Council adopt the amendments related to Commercial Conversion. Planning Commission also recommends that Town Council consider allowing bonus density in the Opportunity Zone and Palmetto Bay Road areas.



TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: Stephen G. Riley, ICMA~CM, *Town Manager*
VIA: Shawn Colin, *AICP, Director of Community Development*
VIA: Jennifer Ray, *ASLA, Deputy Director of Community Development*
FROM: Jayme Lopko, *AICP, Senior Planner*
CC: Teri Lewis, *AICP, Deputy Director of Community Development*
DATE: September 16, 2020
SUBJECT: Workforce Housing LMO Amendments

Recommendation: The Public Planning Committee recommends that Town Council approve the proposed Workforce Housing (WFH) Land Management Ordinance (LMO) amendments.

On August 27, 2020, the Public Planning Committee (PPC) voted 2-1 to forward the proposed WFH LMO amendments to Town Council for approval.

On August 19, 2020, the Planning Commission voted unanimously to forward the proposed WFH LMO amendments to Town Council for approval.

On August 11, 2020, the LMO Committee voted unanimously to forward the proposed WFH LMO amendments to the Planning Commission for approval with the following changes:

- Consider permitting WFH on properties between William Hilton Parkway and Pembroke Drive as well as properties along Gardner Drive and Leg O'Mutton Road.
- Consider updating the purpose statement, for zoning districts where WFH will be permitted, to include a reference to residential or WFH use in the district.

On February 6, 2020, the LMO Committee met to review the WFH LMO amendments. The Committee raised several questions and requested additional information from Town staff, which was provided at their August 11, 2020 meeting.

Summary: Adoption of the WFH LMO amendments by Town Council will put in place incentives to encourage the development of WFH and allow staff to begin review and approval of WFH projects under the newly created Workforce Housing Program.

Background: Workforce availability, with a focus on workforce housing and transportation, was identified as a key priority of Town Council. PPC, a subcommittee of Town Council, hosted a series of stakeholder input sessions to discuss specific needs and goals for affordable workforce housing on Hilton Head Island and to develop a backdrop for moving forward on these issues. Through these meetings it became evident that affordable workforce housing should be viewed as a critical element of the Town's infrastructure. Town Council held a workshop with staff and the public to begin developing preliminary policy direction related to affordable housing and transportation and to inform a scope of work used to hire a consultant to focus on options for Hilton Head Island.

In August of 2018, the Town hired consultant Lisa Sturtevant & Associates, LLC (LSA) to prepare a Workforce Housing Strategic Plan with goals, objectives, and policies for workforce housing. The final Workforce Housing Strategic Plan from LSA contained eight key recommendations for the Town of Hilton Head Island to consider. Staff, working with LSA, the community, and Town Council, utilized the recommendations from the Workforce Housing Strategic Plan, gathered further information, and evaluated and responded to each recommendation.

At their November 5, 2019 meeting, Town Council accepted the Workforce Housing Strategic Plan and approved a policy framework for a workforce housing program focused on the following four key elements:

- Develop incentives and programs which promote Commercial Conversion.
- Develop a “Sliding Scale” Density Bonus program linking the amount of workforce units to the amount of the bonus.
- Develop criteria and conditions under which unrestricted Town-owned real estate may be used to facilitate the development of workforce housing.
- Evaluate the development of, and participation in, a regional housing trust in coordination with the Southern Lowcountry Regional Board (SoLoCo).

Town Council requested that staff continue to work with the PPC to develop a workforce housing policy to address the four key elements including the development of criteria and conditions of where to target the program. At the December 11, 2019 PPC meeting, staff worked with the Committee to develop criteria to identify areas of the island to target for workforce housing initiatives. The following were identified as priority areas for workforce housing: Palmetto Bay/Arrow Road/Pope Avenue area, Squire Pope/Gum Tree Road area, and Opportunity Zone/Main Street area.

A Workforce Housing Policy, which is detailed in Exhibit A, was developed that included: incentives and programs which promote Commercial Conversion, a “Sliding Scale” Density Bonus program linking the amount of workforce units to the amount of the bonus, and criteria and conditions where incentives and programs will be applied.

The proposed LMO Amendments that would implement this policy are detailed in Exhibit B.

Properties that would be eligible to participate in the Workforce Housing Program are identified on Exhibit C.

Exhibits

- A. Workforce Housing Policy
- B. Workforce Housing LMO Amendments
- C. Location Map