



Town of Hilton Head Island
FINANCE AND ADMINISTRATION COMMITTEE
MEETING
Thursday, January 11, 2024, 2:00 PM
Minutes

Call to Order

Chair Alex Brown called the meeting to order at 2:00 p.m.

Adoption of the Agenda

David Ames moved to approve the agenda as presented. Steve Alfred seconded. Motion carried 4-0.

Approval of the Minutes

David Ames moved to approve the regular meeting minutes of December 19, 2023 as presented. Steve Alfred seconded. Motion carried 4-0.

Appearance by Citizens:

Lee Lucier addressed the Committee regarding his approval and support of the memorandum of understanding (MOU) with the Coastal Community Development Corporation (CCDC) and Habitat for Humanity. He noted that both will support our community's inventory of workforce housing solutions.

John Smarzley addressed the Committee regarding that the MOU for the CCDC should have had approval from Town Council's Housing Action Committee for procedural process and governmental transparency. He asked that the Committee deny the MOU for CCDC and send it back to the Housing Action Committee.

Lynn Bullard addressed the Committee regarding the number of workers that come across the bridge to work on the Island every day. She said that the CCDC was an experimental measure, not feasible or financially responsible to solve housing for the large number of people that cross the bridge everyday.

Charles Conrad addressed the Committee regarding his opinion that the government should not be involved in deciding through AMI (area median income) who should or should not be allowed to live on Hilton Head Island. The CCDC could become an administrative burden for the taxpayers.

Ashley Phillips addressed the Committee regarding voting no to the CCDC MOU. She indicated this is not a one-time request for money. She asked for alternative transportation options for those coming on and off the Island.

Presentations and Recognitions

Town of Hilton Head Island Fiscal Year 2024 Year to Date Update - Jeff Herriman, Interim Director of Finance

Jeff Herriman, Interim Finance Director, addressed the committee regarding an update on the Fiscal Year 2024. He started with his presentation speaking about the key issues, including revenue collections, expenditures, and general fund revenues. Mr. Herriman continued by answering questions from the last Finance & Administration meeting. He noted the previous question asking for specifics on the information that is provided to the Town regarding details with the local accommodations tax collected. The hotel and property management companies provide the gross revenue, not the details regarding the number of tourists and room rates. Mr. Herriman will reach out to the DMO (Destination Marketing Organization) to find this information. Another question was regarding the Town Council expenditures and why the increase from 2023 to 2024. This is due to legal fees incurred because of the number of legal actions and the Town's staff attorney position. The Town is utilizing two law firms until that position is filled. Mr. Herriman also commented on the investment summary through the end of November 30, 2024. He continued with details regarding the Town's investments with the Local Government Investment Group and Wells Fargo Security.

Chair Brown asked if there were any public comments on this presentation. Having no additional questions from the public or from the Committee, Chair Brown thanked Mr. Herriman for his work.

Unfinished Business

Consideration of Approval of a Sponsorship Agreement with the Heritage Classic Foundation for the RBC Golf Tournament - Josh Gruber, Deputy Town Manager

Josh Gruber, Deputy Town Manager, addressed the Committee regarding the approval of the sponsorship agreement with the Heritage Classic Foundation for the RBC Golf Tournament. Mr. Gruber indicated that materials are in the packet regarding this item. He spoke about this being a continuing discussion from previous Finance & Administration meetings regarding the request from the Heritage Classic Foundation. The request is for an increase in the Town's sponsorship amount based on the RBC Golf Tournament being upgraded to a Signature Event. Mr. Gruber introduced Steve Wilmot, President of the Heritage Classic Foundation.

Steve Wilmot addressed the Committee, thanking the Town and community for their continued support for this event. Mr. Wilmot indicated that since 1999, the Heritage has partnered with University of South Carolina Beaufort and Clemson University to complete an economic impact study on the Town's support for the RBC Heritage. The study has shown an excess of \$1.2 million to this community. In addition to the economic impact, there are an additional 1,500 jobs supported. Mr. Wilmot went on to describe the difference between a Signature Event and a PGA Event. As a Signature Event, we are recognized as a step down from a Major Event, due to a limited field; however, we are guaranteed to have the best players in the world play. Mr. Wilmot indicated that the title sponsors and the partnerships are different this year. Everyone, including the RBC, other partners, and sponsors, have been asked to help elevate the experience and tournament itself. He further indicated that the Heritage would be willing to help the Town have additional opportunities to work with the networks and the media in crafting the message going out to the public. There is added value to the community when the tv cameras are showing what the Town has to offer. Mr. Wilmot also addressed that there are many local businesses utilized during the tournament, bringing the whole community together.

The Committee asked questions and made comments regarding characterizing the economic impact of

the tournament on the Town's finances; what is the difference between a Signature Event compared to a regular PGA Event; what are the percentage increases that the Heritage has requested from other sponsors, with the exception of RBC; television exposure is not guaranteed by the networks; concerns over the percentage level increase requested; the pride felt to our community by having the tournament on the Island; the publicity the Town receives driving interest for others to visit the Island, the event supporting tourism; providing an opportunity to the Town to enhance the communication of our brand; the marketing conversation with the DMO to control and expand our message; local business involvement including minority and disadvantaged business owners; encouraging the funds be used locally; and a request to provide a list of local vendors that are utilized during the tournament.

Chair Brown asked if there were any public comments on this item. Seeing no comments from the public, the Chair brought the matter back to the dais. The Committee members discussed the funding amount requested by the Heritage.

David Ames moved to forward the recommendation from staff to Town Council for consideration to approve a sponsorship agreement with the Heritage Classic Foundation for the RBC Golf Tournament with the support of \$400,000. Steve Alfred seconded the motion. The motion carried 4-0.

Consideration of a Resolution Authorizing a Memorandum of Understanding with the Coastal Community Development Corporation - Josh Gruber, Deputy Town Manager

Josh Gruber, Deputy Town Manager, addressed the Committee regarding the approval of the consideration of the resolution authorizing a memorandum of understanding (MOU) with the Coastal Community Development Corporation (CCDC.) Mr. Gruber began with the history for the request when the Town was contacted by the CCDC, requesting funds in the amount of \$600,000 to be used to pursue acquisition of existing condominium units located on Hilton Head Island. The CCDC would record restrictive covenants on the purchased units, including the limit on the area median income (AMI) requirements that could be applied to any future rental property. The CCDC would also oversee the qualifications, selection of individuals as well as the maintenance and occupancy of these units. Details were outlined during the presentation to this Committee on August 15, 2023. Following the December 19, 2023 meeting, there were a number of amendments that this Committee requested be made to the MOU. Mr. Gruber went on to explain details of the intended use of the funds being requested. He continued to outline the updates to this version from the first draft, including that the CCDC will prepare a funding use plan detailing with specificity how the requested funding will be utilized along with a corresponding budget being requested through the Town's Affiliated Agency process. There was further discussion about how Beaufort County calculates the AMI and the need to identify specific language going forward.

Mr. Gruber continued to outline the next steps, including policy questions to the Committee, and adopting the MOU as amended to form a final draft that can be transmitted to Town Council for consideration. The Committee would also need to determine the critical path for consideration. If the Committee recommends providing funding, this recommendation can either be incorporated into a FY24 Budget Amendment and adopted; or it can be included as part of the upcoming FY25 Affiliated Agency funding cycle. Mr. Gruber explained that the packet provided the timeline and details for each option. The final question to the Committee is to determine the amount of funding, if any, that it will recommend to Town Council for its consideration.

Alan Wolf, Coastal Community Development Corporation (CCDC) Chairman of the Board addressed the Committee regarding questions and concerns. Mr. Wolf began with the question regarding preferences identifying applicants for housing. He clarified that there was no preference ever intended, unless there

was an affiliate that brought equity to the transaction through the purchase of a unit. The details include if a business entity was to provide 20% of the down payment on two units, they would receive a preference on one unit. The idea is to solve the housing issues by a one-to-one ratio with regard to the business and the public. A donation from a business would also qualify within the same model. This modification will be documented in the MOU.

Mr. Gruber noted that the Town's Housing Action Committee had a meeting in November 2023. They had an opportunity to look at both proposals and voted to support both proposals. The Town Attorney, Curtis Coltrane, clarified the 99-year covenant with the property could be written to run with the title of the property. It can be written so that it does not evaporate on a sale and runs with the title of the property.

The Committee asked questions and made comments regarding any ramifications between FY24 and FY25 budget amendment; details of potential private donations with housing preference; details regarding the draw-down division of the \$600,000 provided by the Town; if an applicant were to change jobs and work off Hilton Head Island; the limitation of a one-year lease with annual recertification; and the possibility of a sale of an existing property within the CCDC.

Chair Brown asked if there were any public comments on this agenda item.

Angie Hutchins addressed the Committee regarding the number of questions and issues on the choice of applicants receiving a rental unit. She also noted this is untested and unproven in our community. Having tax dollars at stake, with the different municipalities, she questioned what would happen if there was a disagreement.

Larry Landry addressed the Committee regarding putting this on the critical path timeline. Workforce housing has been addressed since 2015 and it is time to move this forward. This is a proven model in other communities with a strong MOU and checks and balances in place.

John Smarzley addressed the Committee regarding that the Town should receive a housing preference with the amount of money being provided through the MOU. He also noted the Housing Action Committee did not see these modifications being presented at this meeting. The process of using the Housing Action Committee was set up by Town Council should be followed moving forward.

Xiaodan Li addressed the Committee regarding the Town providing equity but no ownership. She questioned how the CCDC will manage the properties; what happens if the CCDC does not exist; if the Town is liable for these properties; who is chosen to rent these units; and the ramification of taking affordable housing out of the market for use by the CCDC.

Kaitlyn Lee addressed the Committee regarding her support for this MOU. She noted this is a creative solution and has already put people into homes. She noted the nature of a rental market with the uncertainty of potential properties sold and no longer unaffordable or rentable.

Paul Sherran addressed the Committee regarding his current problem with managing multi-residential properties. He addressed the administrative concern and lack of control of the units on a daily basis.

Matt Sweeney addressed the Committee regarding consideration of those negatively impacted by the additional properties being purchased and used by the CCDC. Government subsidized housing benefits only a few with what measurable benefits to the taxpayers. He questioned if it is prudent for government to use taxpayer monies.

John Casey addressed the Committee regarding the large number of unanswered questions, specifically the proposed AMI. He noted inconsistencies, with a private developer coming before Council with a solution to affordable housing onto a preexisting building and property. He continued with details and additional questions regarding the difference to the present and use of taxpayer money.

Alan Wolf addressed the Committee regarding the requirement of AMI, stating preference can be enacted by the Town. He further explained the AMI and promissory notes. He noted Town staff has researched other communities utilizing the CCDC model. He stated this is not the Town owning and managing the rental units. There would be no risk to the Town.

Kenneth Campbell addressed the Committee regarding as one of the board members of CCDC. He spoke about Town Council having adopted the 4 Pillar Plan. The plan invited residents to help, with little reaction from the community. He concluded with program details including the critical path forward for the FY24.

Chair Brown brought the matter back to the dais for discussion. Josh Gruber outlined the two items that would be proposed in the draft MOU. He provided additional clarity to the Committee.

David Ames moved to forward the recommendation from staff to Town Council for consideration of the resolution authorizing a memorandum of understanding with the Coastal Community Development Corporation with the following three amendments to the memorandum of understanding: language clarifying that their qualifications and eligibility determinations will be done on an annual reoccurring basis; clarifying that funding will be provided on a draw-down basis, not up front; and that the selection of occupants for those units would be based on funding contributions and individuals identified by the Town on a one-to-one basis. Glenn Stanford seconded the motion. The motion carried 4-0.

Glenn Stanford made a motion to move this recommendation to be included in the current fiscal year 2024. Steve Alfred seconded the motion. The motion carried 4-0.

Consideration of Resolution Authorizing a Memorandum of Understanding with Habitat for Humanity to Support Workforce Housing - Josh Gruber, Deputy Town Manager

Brenda Dooley, Chief Executive Officer of Habitat for Humanity, was invited to speak to the Committee. Ms. Dooley's presentation included the four components of the Habitat Homeownership Program, including the volunteers, donors, families, and land purchased. She specifically noted the types of families that are part of the Habitat program and how they impact our community. She also noted the 2023 Year in Review, showing that their model is effective and works within the community.

Ms. Dooley continued to address the items that were noted at the December Finance & Administration meeting. The application process would specifically note clarity on a number of items, including those working on Hilton Head Island be identified; that Habitat retains first right of refusal on homes sold; and that these homes will not become short term rentals. There was further discussion to create multi-family units, such as townhouses, which could fit within the zoning density.

Josh Gruber addressed the committee regarding the consideration of a resolution authorizing a memorandum of understanding (MOU) with Habitat for Humanity to support workforce housing. He provided a quick history and background. He continued that in FY24, the Hilton Head Regional Habitat for Humanity applied to receive funding as an affiliated agency. As part of the process, Council did not recommend the funding at the time of the application received or as part of the FY2024 budget adoption. However, on May 19, 2023, Act 57 of 2023 was adopted by the South Carolina General Assembly. Shortly after this, staff was asked to create a draft MOU associated with providing Habitat with funding to create affordable workforce housing. Last month, at the December 19, 2023 meeting, the Finance & Administrative Committee reviewed an initial draft MOU with Habitat and provided comments and feedback. Mr. Gruber continued to describe the details for intended use of funds. The Town will continue to work directly with Habitat, including Habitat's submittal for all conceptual, design, engineering and site plans for the Town's review and approval. Additional details of the MOU were noted in Mr. Gruber's presentation with the additions that were requested at the December 19, 2023 meeting.

The Committee asked questions and made comments regarding site plan and number of units on a piece of property is critically important; the emphasis should be on multi-family, not single-family units; draw down provisions; if the funds be used for purchase of the land that has already been identified; the active role with the Town going forward; the previous Habitat project on the 14 acres off Marshland Road and current owners of those homes; if a Town employee has ever applied for a Habitat house; and details on the first and second mortgages on the Habitat homes.

Chair Brown asked if there were any public comments on this agenda item.

Jeb Bush, Development Director of Habitat for Humanity, addressed the Committee regarding his time on the committee. He noted that once Habitat purchases the land, they will find the funds to build the houses. He went on to ask the Committee to vote to move this forward.

Xiaodan Li addressed the Committee regarding the definition of AMI the definition of income distribution being used by the Committee. She noted that the taxpayers will be negatively impacted living on Hilton Head Island.

Tom DeMint addressed the Committee regarding his time on the Habitat board. He has seen the pride and sense of community that is provided to those recipients and their family. Habitat promotes a more stable, and reliable workforce.

Charles Conrad addressed the Committee regarding the requested money is for an altruistic feeling, and for a tax benefit. He questioned what jobs would be impactful to the community and deserve this taxpayer money. He would like a private sector solution to workforce housing.

Melinda Tunner addressed the Committee regarding the affiliated agency approval process. She referred to the CCDC looking for funding through the affiliated agency funding program. She noted that the CCDC does not have two years of financial results and therefore, they do not fit the affiliated agency model.

Paul Kale addressed the Committee regarding his time with Habitat and First Presbyterian Church. He spoke about a family that had a positive impact within the Habitat program. He stated that Habitat provides the needed workforce housing options within our community.

Ayaks Castellanos addressed the Committee regarding his time with Habitat. He was one of the recipients of one of the houses built off Marshland Road. He spoke about the positive impact that this has brought to himself and his family. He is also on the Housing Action Committee and committed to being part of the solution.

Angie Hutchins addressed the Committee regarding Habitat's 50-year track record, having been around long enough to vet out questions and issues. Habitat has a goal of homeownership, allowing the ability to sell and build the recipients legacy and overall quality of life going forward. She applauded this issue for the Town to support.

Lynn Bullard addressed the Committee regarding the differences between Habitat and the CCDC. She said that Habitat has a proven model to help the community. CCDC is experimental and unknown. She said that she is for Habitat.

Chair Brown brought the matter back to the dais for discussion.

David Ames moved to forward the recommendation from staff to Town Council for consideration of the resolution authorizing a memorandum of understanding with Habitat for Humanity to support workforce housing. Steve Alfred seconded the motion. The motion carried 4-0.

David Ames made a motion to move this recommendation to be included in the current fiscal year 2024. Steve Alfred seconded the motion. The motion carried 4-0.

New Business

Consideration of a Fiscal Year 2024 Affiliated Agency Funding Application by the Coastal Community Development Corporation - Josh Gruber, Deputy Town Manager

Josh Gruber, Deputy Town Manager, addressed the Committee regarding the consideration of a FY2024 Affiliated Agency Funding application by the Coastal Community Development Corporation (CCDC.) The CCDC has requested a total amount of \$600,000 as part of a total project budget of \$3 million. Additional information was provided to the Committee outlining how that money will be used. Mr. Gruber indicated that the financial statements, as of November 2023, are being prepared for the Committee.

The Committee asked questions and made comments regarding the financial numbers listed on the application; as well as discussing the amount of money requested by the CCDC.

Chair Brown asked if there were any public comments on this agenda item. With no additional comments, the Chair brought the matter back to the dais.

David Ames moved to forward the recommendation from staff to Town Council for consideration of a Fiscal Year 2024 Affiliated Agency Funding Application by the Coastal Community Development Corporation. Steve Alfred seconded the motion. The motion carried 4-0.

Consideration of a Fiscal Year 2024 Affiliated Agency Funding Application by the Hilton Head Regional Habitat for Humanity - Josh Gruber, Deputy Town Manager

Josh Gruber, Deputy Town Manager, addressed the Committee regarding the consideration of a FY2024 affiliated agency funding application by the Hilton Head Regional Habitat for Humanity. Habitat has requested a total amount of \$300,000 as part of a total project budget of \$3 million. There was additional information provided to the Committee outlining how that money will be used, including Habitat's financial statements, provided as part of their FY24 application.

The Committee asked questions and made comments regarding strong support for this application.

Chair Brown asked if there were any public comments on this agenda item. With no additional comments, the Chair brought the matter back to the dais.

David Ames moved to forward the recommendation from staff to Town Council for consideration of the resolution authorizing a memorandum of understanding with Habitat for Humanity to support workforce housing with full funding. Steve Alfred seconded the motion. The motion carried 4-0.

Adjournment

The meeting was adjourned at 4:38 p.m.

Approved: February 13, 2024

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov