



Town of Hilton Head Island

Town Council Meeting

Tuesday, March 19, 2024, 3:00 PM

**1 Town Center Court, Hilton Head Island, SC
Benjamin M. Racusin Council Chambers**

The meeting can be viewed on the [Town's YouTube Channel](#), the [Beaufort County Channel](#), and Spectrum Channel 1304.

- 1. Call to Order**
- 2. Pledge to the Flag**
- 3. Invocation**
- 4. Adoption of the Agenda**
- 5. Approval of the Minutes**
 - a. Regular Meeting Minutes of February 20, 2024
 - b. Regular Meeting Minutes of March 5, 2024
- 6. Presentations and Recognitions**
 - a. Report of the Town Manager
 - b. Proclamation Honoring the Red Cross Month - Mayor Perry
 - c. Housing Action Committee Update - Chair Jack Alderman
 - d. William Hilton Parkway Gateway Corridor End to End Analysis Preliminary Report - Shawn Colin, Assistant Town Manager, Community Development
- 7. Reports from Members of Town Council**
 - a. General Reports from Town Council
 - b. Report of the Lowcountry Area Transportation Study – Glenn Stanford
 - c. Report of the Lowcountry Council of Governments – Tammy Becker

- d. Report of the Beaufort County Airports Board – David Ames
 - e. Report of the Southern Lowcountry Regional Board – Glenn Stanford
 - f. Report of the Island Recreation Association Board – Alex Brown
 - g. Report of the Community Services and Public Safety Committee – Tammy Becker
 - h. Report of the Public Planning Committee – David Ames
 - i. Report of the Finance and Administrative Committee – Alex Brown
8. **Appearance by Citizens:** Citizens who wish to speak on the matters being discussed during the meeting may do so by submitting the [Request to Speak form](#) no later than 12:00 PM the day of the meeting.
9. **Unfinished Business**
- a. Consideration of an Ordinance to Amend the Town of Hilton Head Island's Comprehensive Plan to Incorporate a Housing Impact Analysis - Second and Final Reading - Missy Luick, Director of Planning
 - b. Consideration of an Ordinance to Amend Title 8, Chapter 3, of the Town of Hilton Head Island Code of Ordinances, to add Section 8-3-114 titled Abandoned Watercraft - Second and Final Reading - Josh Gruber, Deputy Town Manager
10. **New Business**
- a. Consideration of an Ordinance to Amend the Town of Hilton Head Island Budget for the Fiscal Year Ending June 30, 2024; to Provide for the Budgeted Appropriations of the Prior Year Budget Roll Forwards and Certain Other Appropriations and Commitments and the Expenditures of Certain Funds; to Allocate the Sources of Revenue for the Said Funds; and to Provide for Severability and an Effective Date - First Reading - Josh Gruber, Deputy Town Manager
 - b. Consideration of an Ordinance of the Town of Hilton Head Island authorizing the Execution of an Easement Encumbering the Property to be Owned by the Town of Hilton Head Island, under the Authority of South Carolina Code 5-7-40 and 2-7-20, Municipal Code of the Town of Hilton Head Island and Providing for Severability and an Effective Date - First Reading - Josh Gruber, Deputy Town Manager
11. **Executive Session**
- a. Discussion of Negotiations Incident to Proposed Contractual Arrangements and Discussions for the Proposed Sale or Purchase of Property (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a]) related to:
 - 1. Marshland Road
 - 2. Cordillo Parkway Area

3. Pembroke Drive Area

- b. Discussion of Negotiations Incident to Proposed Contractual Arrangements for a Beach Franchise Agreement [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70(a)(2)]

12. Action from Executive Session

13. Adjournment

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

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the Town of Hilton Head Island will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Auditory accommodations are available. Any person requiring further accommodation should contact the Town of Hilton Head Island ADA Coordinator as soon as possible but no later than 48 hours before the scheduled event.

Municipal Association of South Carolina (MASC) Civility Pledge:

"I pledge to build a stronger and more prosperous community by advocating for civil engagement, respecting others and their viewpoints, and finding solutions for the betterment of my city or town."



Town of Hilton Head Island TOWN COUNCIL MEETING Tuesday, February 20, 2024, 3:00 PM Minutes

Call to Order

Mayor Perry called the meeting to order at 3:00 p.m.

Council Members present: Alan Perry, Mayor, David Ames, Ward 3, Mayor Pro-Tempore; Patsy Brison, Ward 2; Alex Brown, Ward 1; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Glenn Stanford, Ward 6 (joined the meeting via Microsoft Teams at 3:11 p.m.).

Invocation

Glenn Neff, Chaplain of Hilton Head Island Regional Healthcare delivered the invocation.

Adoption of the Agenda

Ms. Becker moved to table Item 10.e. Consideration of a Resolution Authorizing the Execution of a Memorandum of Understanding with the Coastal Community Development Corporation to Support Workforce Housing. She explained that significant issues exist, and she does not believe it is ready for a vote. The motion failed for a lack of a second.

Ms. Becker moved to make sure they are opening up a line of communication to discuss those relevant issues that have been brought to Council's attention and that all have identified themselves on this particular non-profit and the good work they are trying to do. The motion failed for a lack of a second.

The agenda as written was approved by a vote of 5-1 (Becker opposed and Stanford had not yet joined the meeting).

Approval of the Minutes

Regular Meeting Minutes of January 16, 2024

Workshop Meeting Minutes of January 23, 2024

Mr. Ames moved to approve the regular meeting minutes of January 16, 2024 and the workshop meeting minutes of January 23, 2024. Mr. Alfred seconded. Motion carried 6-0.

Report of the Town Manager

Mr. Orlando reported on some items of interest. He recognized the Town of Hilton Head Island Emergency Management Team and the Technology and Innovation Team for conducting the first staff cybersecurity exercise. He thanked all involved for their efforts.

He reported that he and Mayor Perry and Andrew Davis, Director of Marketing Communications recorded their first podcast with the intent of sharing important information on community issues and connect with community leaders.

Mr. Orlando stated the Town has once again received the Gold level of the Bicycle Friendly Community Award. He explained a bit about the program and congratulated and thanked all involved.

He informed all that Town staff recently assisted with a clean-up effort for the Gullah Cemetery. He thanked the Martin Luther King Committee for Justice for their efforts in organizing the event.

Mr. Orlando announced the Strategic Action Plan Workshop will be held beginning at 9:00 a.m. on March 21, 2024 at the Westin Hilton Head Island Resort and Spa. He noted it can be viewed on-line and in person. He reviewed the dates of upcoming Budget Workshops and meetings.

Mr. Orlando stated that the Stingray Boys Basketball Team Won The County Middle School Title and they had an undefeated season and he Middle School Girls won their title of which is their fifth County Championship. He added that the Hilton Head Middle School Wrestling Team also won the County Championship.

General Reports from Town Council

Ms. Brison reviewed upcoming events for the Gullah Celebration. She noted there have been many events this month and there are more to come. She encouraged all to go to the website and find out about the many upcoming activities. Ms. Brison reviewed many other upcoming activities and events.

Mr. Alfred stated there are approximately 438 Bicycle Friendly Community Awards by the American League of Bicyclists and Hilton Head Island is in the top 39 of those which means in the top eight percent which is a wonderful accomplishment. He also reported that CSA of Sea Pines, members of the Town and the State Department of Transportation met and reviewed what is going on with traffic and the ongoing efforts of working together. He said there will be additional information regarding the subject in the upcoming months.

Ms. Becker expressed her concerns regarding a fire that took place at a transfer station and inquired as to what caused the fire and what type of fumes were emitted.

Mr. Stanford joined the meeting at this time.

Report of the Lowcountry Area Transportation Study – Glenn Stanford

Ms. Becker stated she attended the LATS meeting in place of Mr. Stanford. She stated the 2024-2033 Transportation Improvement Plan was voted on.

Report of the Lowcountry Council of Governments – Tammy Becker

No report.

Report of the Beaufort County Airports Board – David Ames

No report.

Report of the Southern Lowcountry Regional Board – Glenn Stanford

Mr. Stanford announced that Mayor Perry has been elected vice-chairman of the Board and extended congratulations. He added that a detailed report regarding the proposed sales tax referendum was presented which detailed the projected income and proposed projects for the funds.

Report of the Island Recreation Association Board – Alex Brown

No report.

Report of the Community Services and Public Safety Committee – Tammy Becker

Ms. Becker reported the Committee met on February 12 at which time they had discussion regarding adopting friendly landscaping and ground maintenance practices. The Committee chose to table it for the time being while additional information is gathered. There was a presentation regarding abandoned watercraft around the creeks and waterways of Hilton Head Island. The Committee held an Executive Session at the meeting to review candidate applications for a variety of positions on boards, committees and commissions and encouraged all to consider submitting an application.

Report of the Public Planning Committee – David Ames

Mr. Ames reported the Committee met on February 8 and voted to forward the following item to Town Council for consideration of approval: an amendment to the Comprehensive Plan to include a Housing Impact Analysis. He explained this was a requirement of South Carolina Act 57 to enable use of Accommodation Tax funding.

Report of the Finance and Administrative Committee – Alex Brown

Mr. Brown reported the Committee met on February 13 and there was no action taken but

staff introduced the applications from affiliated agencies. He stated the Committee will review the applications on March 12. He requested Council members offer up concerns and questions so the Committee can keep in line with the budget schedules.

Appearance by Citizens:

Adam Lipson addressed Council on behalf of the Burkes Beach Homeowners Association stating the need for future builds to be consistent with existing structures and conform to the character of the neighborhood. He stated an island wide FAR would diminish property values. He stated the Burkes Beach HOA opposes a FAR of any size within any of the HOA governed communities.

Bobby Tillison addressed Council thanking them for the two volleyball nets placed on the beach.

June Wilkins, Pastor, Christ Lutheran Church, addressed Town Council regarding the situation regarding the eviction of residents at Chimney Cove. She noted it is ongoing and the residents are now living on 30-day leases with increases in rents and asked that this not be allowed to happen again.

Peter Kristian addressed Council expressed his appreciation to the town for the ongoing improvements and efforts regarding Main Street. He updated Council on the new provider for the collection of recycling for the County and noted it is a step in the right direction. Mr. Kristian referenced the US278 Bridge and Corridor Project regarding the commitment of funds can only be guaranteed through March 31 of this year. He encouraged the Town to take a leadership position regarding the project and contact all the residents of the area and provide updates and plans for the area.

Bud Grindle addressed Council regarding the need for the Design Review Board to address noise levels during the application process. Mr. Grindle also noted he called the Stormwater staff to report a dam in the drainage on the Simpson property. He requested Council prompt someone to look at the situation and get it cleaned out. In closing he stated he has seen movement by the car wash to reduce their sound. He thanked Bob Bromage and Bill Crates for their efforts.

Mare Decker addressed Council regarding her view that there are non-profit companies making gross business income and do not have business licenses.

Skip Hoagland addressed Council as to his opposition of the Hilton Head Island-Bluffton Chamber of Commerce serving as the Town's Designated Marketing Organization.

Unfinished Business

Consideration of an Ordinance of the Town of Hilton Head Island Authorizing the Execution and Delivery of a Termination of a Drainage Easement Owned by the Town

of Hilton Head Island Encumbering Property Located at 316 Squire Pope Road Second and Final Reading - Josh Gruber, Deputy Town Manager

Mr. Gruber conducted a presentation. He stated in working with the South Carolina Department of Transportation improvement to the drainage of this area were identified and ultimately put in place and negated the need for this drainage assessment agreement. He stated it's something that we possess but no longer need as part of our network. The landowner has requested the agreement be terminated.

Mayor Perry asked for public comment. There was none.

Mr. Ames moved to approve. Ms. Brison seconded. Motion carried 7-0.

New Business

Consideration of Approval of a Sponsorship Agreement with the Heritage Classic Foundation to Support the 2024 RBC Heritage Golf Tournament - Josh Gruber, Deputy Town Manager

Mr. Gruber conducted a presentation. The Town has historically been a sponsor of the RBC Golf Tournament. With recent developments within the PGA TOUR, the 2024 Tournament has been designated as a "Signature Event" and will be one of eight Signature Events with limited field sizes on the 2024 PGA TOUR schedule. Each of the eight Signature Events will feature an increased \$20 million purse, and five of the Signature Events, including the RBC Heritage, will feature a more limited playing but without players being cut.

On September 13, 2023 the Heritage Classic foundation wrote to the Town regarding a new Sponsorship Agreement for 2024. A copy of that correspondence is enclosed as Attachment 1. Due to the increased expenses of presenting a Signature Event, the Heritage Classic Foundation is requesting an increase in the Town's financial sponsorship from \$298,509.71 in 2023 to \$500,000 for this year's event. In exchange for this sponsorship, the Town will continue to receive recognition as a sponsor in many of the tournament's promotional materials. It has been estimated that the RBC Golf Tournament Presented by Boeing generates \$102 million in economic impact each year. The 2023 Tournament also brought more than 101,000 event attendees to Hilton Head Island over the course of the week. The

Town's Finance and Administrative Committee met to discuss this Sponsorship Agreement on October 17th and November 14th of 2023 and on January 11th of 2024. Following this last meeting in January, the Committee unanimously voted to amend the draft Agreement by setting forth the Town's financial participation at \$400,000 for the 2024 tournament and recommending this revised Sponsorship Agreement be approved by the Town Council.

Additionally, the Committee also asked if the Tournament could provide the Town with authorization to place a tent somewhere within the Tournament/Harbour Town grounds to provide an opportunity for community outreach and public engagement. This request was received favorably by the Tournament who has committed to working with Town staff to identify a specific location for this request closer to the tournament dates.

Mayor Perry asked for public Comment.

Skip Hoagland addressed Council stating his opposition to using funds for this event.

Mr. Ames moved to approve. Ms. Brison seconded. Motion carried 7-0.

Consideration of a Resolution Approving a Memorandum of Understanding with the University of South Carolina Beaufort (USCB) Inclusive of the Island Ambassador Program - Josh Gruber, Deputy Town Manager

Mr. Gruber conducted a presentation. Beginning in 2011, the Town formed a partnership with the University of South Carolina Beaufort to support hospitality training, special event management, and volunteerism efforts on Hilton Head Island. A copy of the initial collaboration document is enclosed as Attachment 1. To fund these services, the Town incorporated into its Municipal Code a provision whereby 5% of the funding that the Town collected under its Local Accommodation Tax would be provided to the University for these purposes. A copy of Ordinance 2011-13 is enclosed as Attachment 2.

In recent years, the Town's rate of collections for both State and Local Accommodations Taxes have increased significantly. In response, the Town Council amended its Municipal Code and removed the automatic funding formula as a set percentage of collections in preference to having the University seek funding pursuant to an annually submitted budget as an Affiliated Agency of the Town. Staff were then directed to begin working on a draft Memorandum of Understanding that would serve to outline the roles of both entities and be the basis of any funding that might be provided as part of this annual budget process.

Staff met with representatives of the University and utilized the services contained within the provisions of the Town's Municipal Code as a starting point for a draft Memorandum of Understanding between the parties. Staff then worked with the University to reimaging the Island Ambassador program and bring it up to date with current Town expectations. Correspondingly, the University is seeking to establish consistent recurring funding that will allow it to employ and retain the necessary professional services required to meet these objectives. As such, and similar to other existing Town Memorandums of Understanding, the University is requesting an annual funding amount of \$235,000 which would be adjusted annually by 3% to stay current with expected inflation levels. Any additional services beyond those outlined within the Memorandum of Understanding would require an Addendum that would need to be

approved by both the Town and the University. For comparative purposes, the Town provided the Center funding authorizations in the amounts of \$238,985 in FY2024, \$190,094 in FY2023, \$186,367 in FY2022, and \$184,522 in FY2021.

The Finance and Administrative Committee met on November 14th and December 19th of 2023 to review this matter. During these meetings, the Committee members reinforced the need to obtain relevant metrics, demographic information, and other similar data demonstrating the effectiveness of the Island Ambassador program. This information has been included as an express requirement of the draft Memorandum. Additionally, the Committee requested the following amendments:

1. Revised the MOU term from 5 years to 2 years.
2. Added request to provide annual student enrollment/participation information.
3. Added request to provide copies of feedback that you receive from program participants.

The Committee unanimously voted to recommend approval of the revised MOU to the Town Council.

Mayor Perry asked for public comment.

Skip Hoagland addressed Council stating his opposition to using public tax funds for this purpose

Members of Council had questions, comments and discussion regarding: appreciation was extended to the Finance and Administrative Committee for reviewing all of these requests and spending time in numerous meetings reviewing the details and updating the agreements; confirmation the programming will take place at the USCB Campus on Hilton Head Island and clarification training may take place at places of business when there are large groups.

Mr. Ames moved to approve. Ms. Becker seconded. Motion carried 6-0 (Stanford was not present for the vote)

Consideration of a Resolution Approving a Memorandum of Understanding with Island Recreation Association - Josh Gruber, Deputy Town Manager

Mr. Stanford returned to the meeting at this time.

Mr. Gruber conducted a presentation. The Town and the Island Recreation Association executed a Memorandum of Understanding on July 18, 2018. This document provided for the Association's programming, oversight, and management of most Town-owned recreational/park facilities and the corresponding compensation that the Town would provide both directly and indirectly for this purpose. The term of this agreement was for a period of time from the date of execution until September 30, 2023.

Representatives from the Town and the Association met over the course of the last several months and began discussing terms to be included within a new Memorandum of Understanding. Based upon these conversations, a new document has been prepared that incorporates all comments and feedback that have been received to date.

At its October 2023 meeting, the Association's Board of Directors unanimously approved the draft Memorandum of Understanding as presented.

At its meeting on November 14, 2023, the Town's Finance and Administrative Committee discussed the draft Memorandum of Understanding and asked multiple questions of both Town and Association staff members. Following this discussion, the Committee voted unanimously to recommend approval of the Memorandum of Understanding to the Town Council as presented.

Mayor Perry asked for public comment.

Skip Hoagland addressed Council stating his opposition to using public tax funds for this purpose

Mr. Ames moved to approve. Mr. Alfred seconded. Motion carried 7-0.

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

Mr. Gruber conducted a presentation. As part of the Fiscal Year 2024 Budget adoption process, the Hilton Head Regional Habitat for Humanity ("Habitat") applied to receive funding as an Affiliated Agency. Habitat's mission is to put God's love into action, and brings together people to build affordable homes, communities, and hope. Habitat partners with local families who are in need of a home of own and fosters a sense of stability, self-reliance, and a strong sense of community.

In its application, Habitat requested \$500,000 to be utilized towards the purchase of land on Hilton Head Island to build affordable homes. With this funding, Habitat hoped to be able to purchase a 1-acre plot and develop somewhere between 8-10 single-family homes for purchase by qualified individuals through the Habitat for Humanity program. To become a family partner (a homebuyer through Habitat), the family must go through an intensive application process, attend home-ownership classes, and perform at least 300 hours of sweat equity. At completion of the build, they purchase the home with a nointerest mortgage which has a monthly payment plan at 30% or less of their household income. To qualify, homeowners must earn between 30% and 70% of the average median household income for southern Beaufort and Jasper Counties.

Habitat did not receive any funding as a part of its Fiscal Year 2024 Affiliated Agency application. However, on May 19, 2023, Act 57 of 2023 was adopted by the South Carolina General Assembly. Shortly after this, staff were asked to create a draft Memorandum of Understanding associated with providing Habitat with funding to create affordable workforce housing.

At its December 19, 2023, meeting, the Finance and Administrative Committee reviewed the terms of the draft Memorandum and requested several revisions. Those revisions are identified as follows:

- Added language requiring active employment on Hilton Head Island as a condition of selection for any workforce housing unit created under the Memorandum.
- Inserted indemnification language to protect the Town from any liability arising under the Memorandum.
- Clarified that any funding authorized for these purposes will be provided to Habitat on a periodic draw down basis.
- Revised the applicable AMI ranges to match the existing program requirements offered by Habitat that range from 30% - 80% of AMI.

At its meeting on January 11, 2024, the Finance and Administrative Committee voted unanimously to recommend approval of the Memorandum of Understanding to the Town Council.

Mayor Perry asked for public comment.

Skip Hoagland addressed Council and expressed his opposition to the use of tax funds for this purpose.

Randy Roth, a member of Lowcountry Community Partners addressed Council and spoke in support of funding Hilton Head Regional Habitat for Humanity and Coastal Community Development Corporation.

Jack Alderman, Chair of the Housing Action Committee addressed Council stating the Committee unanimously passed a resolution to recommend to Town council that the memorandums of understanding for Habitat and CCDC as part of the Town's efforts to support workforce housing be approved.

Lyn Piwko Bullard addressed Council in opposition to the Town participating in workforce housing. She stated this is a detrimental experiment that will negatively impact small condo communities.

Tom Henz, representative of the Hilton Head Island-Bluffton Chamber of Commerce addressed Council and spoke in support of the Town participating in workforce housing and state the Chamber supports the Town's MOU with Hilton Head Regional Habitat for Humanity and recognizes their invaluable contribution to the advancement of workforce housing.

Angie Hutchins addressed Council stating she would the agreements with the CCDC and Habitat should be considered separately.

Alex Castellanos addressed Council and spoke in support of the MOU with Habitat. He stated he is a perfect example of the work that is being done.

Charles (Last name inaudible) from Wexford addressed Council in opposition to the agreement stating private enterprise would be a better solution to solve workforce housing issues.

Maurice Campbell addressed Council in support of the initiative stating he is optimistic that working together accomplishments can be made. He encouraged Council to move forward in support of Habitat regarding housing needs.

Mr. Gruber addressed Council explaining Act 57 and the use of funds for Habitat.

Brenda Dooley, Executive Director, Hilton Head Regional Habitat for Humanity addressed Council and conducted a presentation regarding the process.

Mr. Ames moved that Council adopt the resolution authorizing the execution of a memorandum of understanding with the Hilton Head Island Regional Habitat for Humanity to support workforce housing adding the phrase “including multi-family units” as part of the possibility. Ms. Brison seconded.

Members of Council had questions, comments and discussion regarding: confirmation of a possibility of multi-family housing; the need to work together to address the workforce housing issue; asked for information on Act 57 and received confirmation that Act 57 has a Sunset Provision with an expiration date in seven years and at that time the General Assembly will have to take further action; asked for confirmation that Habitat can only use the funding for the purpose of acquiring real property and/or designing and constructing single or multifamily workforce housing units; and the need to make sure that in using Act 57 it does not affect other organizations of the Town negatively.

Ms. Becker made a suggestion that the Town-owned land on Bryant Road be donated to Habitat as opposed to a cash allotment; she voiced a concern that consultants and lobbyists have been employed by Habitat and voiced her opposition to the use of funds for that purpose. She stated that for those reasons she will vote against the item.

Motion carried 6-1 (Becker opposed).

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

Mr. Gruber conducted a presentation. The Town was contacted by representatives of the Coastal Community Development Corporation (CCDC), a South Carolina nonprofit corporation, requesting funding in the amount of \$600,000 that would allow the organization to pursue the acquisition of various condominium units located on Hilton Head Island. These units would be utilized to provide dedicated affordable workforce housing.

The CCDC has stated that its goal is to increase the availability of homes for the local and regional workforce by preserving existing housing, redeveloping existing property and developing new property to meet the demand of our region while serving working residents. To accomplish this, the organization would purchase various condominiums

and villas that would become available on the open market, acquire them, and record restrictive covenants that would limit the Area Median Income (AMI) requirements that could be applied to any rental of the property.

The CCDC made an initial presentation to the Town's Finance and Administrative Committee on August 15, 2023. At the conclusion of this meeting, staff was asked to prepare a Memorandum of Understanding that would outline the various roles and responsibilities of the parties would agree to perform should the Town authorize the requested funding. Staff worked with representatives of the CCDC to create this document and a copy was provided to all members of the Committee in advance of its December 19, 2023 meeting.

At that meeting, the Committee requested multiple revisions to the draft document. Those revisions included the following:

1. Clarification that the AMI ranges identified in the MOU would not be less than 30% nor greater than 120%.
2. A provision was inserted to state that monthly rents will not exceed 30% of the monthly household income of any applicant selected for unit occupancy.
3. Added an indemnification provision for any liability arising under the Memorandum.
4. Added language requiring submission of restrictive covenants as part of its annual plan/funding request.
5. Added language requiring active employment on Hilton Head Island as an express condition for selection to occupy any workforce housing unit.
6. Removed language regarding the development of workforce housing and restricted use of funds to acquisition of existing residential or multi-family housing units.
7. Added language to prohibit providing a preference to housing applicants based upon their employer or the nature of their employment.
8. Added language requiring the reinvestment of the proceeds from the sale of any unit acquired under this Memorandum into a comparable workforce housing unit.

The Town's Finance and Administrative Committee again met on January 11, 2024 to review the terms of the revised Memorandum of Understanding and answer questions concerning this document. Ultimately, the Committee voted unanimously to approve the revised Memorandum of Understanding with the following additional amendments:

1. Adding clarifying language that the requisite qualification and eligibility requirements for any units created under this Memorandum of Understanding will be recertified by Coastal no less than annually.
2. Revising the document to state that preference can be given to selection of qualified applicants in an effort to support private fundraising efforts so long as the number of units that are offered on a preferential basis shall be equal to the numbers of units that are offered to qualifying members of the general public.
3. Clarifying that any funding authorized under this Memorandum of Understanding will be issued on a draw down basis once the Town has confirmed that all requirements set

forth under this agreement have been satisfied.

Mayor Perry asked for public comment.

Skip Hoagland addressed Council stating government should not be in any business whatsoever carried out by free enterprise. He stated his opposition to funding these non-profits.

Bob Arundell addressed Council regarding the requirements for 501(c)(3) organizations; the Process-Eligibility found on the CCDC website; and the need for a much tighter definition of what “affordable housing” means. He stated the current proposal needs to be rejected or tabled and send back to the drawing board.

Don Brashears addressed Council regarding the concerns of the Marshside Board regarding the number of units the CCDC will purchase stating that over renting over 10% of the units presents mortgage issues and the possible rejection of some FHA loans. He stated the board wants owners in their complex not renters.

Melinda Tunner addressed Council voicing her concern of giving taxpayer dollars to an unproven business model.

Matt Sweeney addressed Council regarding his opposition to subsidized housing. He questioned the benefits to residents and visitors to Hilton Head Island.

Caitlin Lee addressed Council and voiced her support of the project.

Eli Roth addressed Council and voiced support of the project noting the shortage of health care workers on the Island due to the shortage of housing.

Michael Hawanszak, Manager, Woodlake Villas Owners Association addressed Council regarding their efforts toward developing equity in their property and the need to have a better definition of what affordable housing is.

Grey Smith addressed Council stating tax dollars should not be used for this project.

Lyn Piwko Bullard addressed Council questioning if the hospital is poorly staffed because of the cost of housing.

Xiadon Li addressed Council stating that the CCDC model does not fit within the Town’s established framework. She urged Council to vote no.

Sandy West addressed Council stating her full support of the Town granting the requests from CCDC and Habitat.

Sherry Connolly addressed Council stating she is in support of the Town solving the workforce housing problem but feels the Town should use public property to fill this

need. She stated her concern that the CCDC is going to take private property and private investments and diminish the value to fill a public need that she feels is worthy on public property.

Angie Hutchins addressed Council expressing concerns with this item being fast-tracked and spoke in opposition to the MOU.

Daniel Anthony addressed Council with concerns regarding the properties being considered, communication with the residents in the various areas and the fact they are in Ward 1. He stated Council is opening a Pandora's box.

John Casey addressed Council regarding the unintended consequences of the agreement.

A gentleman addressed Council stating that not just one proposal is going to solving workforce housing issues.

Alan Wolf, President of the SERG Group and Board Member of the CCDC conducted a presentation detailing the mission, goals and the process that will take place. He answered questions posed by Council members.

Members of Council had questions, comments and discussion regarding: inquiry as to the question posed regarding 501(c) (3) compliance regarding preferential treatment; concern of using taxpayer funds for this project; confirmation that in the event of a default, the covenant would fall off and the property would sell on the open market; concern that the Town is not in the business of housing; confirmation Fair Housing is required by law; confirmation the \$600,000 would be a draw down and used for down payments; a suggestion that CCDC ensures that the purchase do not jeopardize homeowners associations ability to be eligible for FHA and other funding opportunities; confirmation that within the terms of the MOU funds will be tracked from beginning through the end; an extension of appreciation to the Finance and Administrative Committee for their thorough review of this request as well as the other MOU's on the agenda; acknowledgement of the termination provision and the details within the provision; acknowledgement this would create long-term housing as opposed to short-term rentals; acknowledgement of the strong commitment to workforce housing; confirmation amendments to the document require Town Council approval; clarification as to the qualifications required to be a warrantable condo association and the need to comply with those requirements; the opinion that investors should have a bigger stake than the Town; and the need for transparency with the communities being considered for these purchases.

Concluding discussion, **Mr. Ames moved that Council adopt a resolution authorizing the execution of a memorandum of understanding with the Coastal Community Development Corporation (CCDC) to support workforce housing with the addition of the following:**

- 1) CCDC will initiate and ensure that the purchases within complexes do not jeopardize an association's ability to be eligible for FHA and other funding opportunities;
- 2) CCDC is in compliance with federal tax laws related to 501 (c) (3) organizations.

Motion carried 5-2 (Becker and Perry opposed).

Consideration of a Proposed Amendment to the 2021 Community Development Block Grant (CDBG) Annual Action Plan to Include Land Acquisition Costs as an Eligible Activity to be Funded with the 2021 Community Development Block Grant (CDBG) Allocation - Marcy Benson, Senior Grants Administrator

Marcy Benson conducted a presentation. In the current 2021 Annual Action Plan, accepted by the U.S. Department of Housing and Urban Development (HUD), the Patterson Neighborhood Park is the project funded with the 2021 CDBG allocation. After preliminary park project design work began it was determined land acquisition costs for additional real property adjacent to the Town-owned Patterson parcel was needed to carry out the Patterson Neighborhood Park public improvement project. Because land acquisition activity was not included in the original 2021 Annual Action Plan a substantial amendment is required to add this activity to the plan. This substantial amendment will allow land acquisition activity to be funded with a portion of the Town of Hilton Head Island 2021 CDBG funding allocation. No other changes are proposed for this amendment.

According to HUD guidelines and the Town of Hilton Head Island CDBG Citizen Participation Plan, an amendment is considered substantial when an activity is to be added, deleted, or substantially changed in terms of purpose, scope, location, or beneficiaries. Because land acquisition was not included as an activity in the original 2021 Annual Action Plan, to use CDBG funds for land acquisition in this project, the plan must go through a substantial amendment process. This process includes a required separate public meeting and a 30-day public comment period to solicit feedback from the community on the amendment to the plan.

Upon completion of the public notice process a resolution will be presented to the Town Council for authorization to submit the amended plan to HUD. This resolution is planned for the April 2, 2024, Town Council meeting. Authorizing the amended plan submittal at this meeting will also allow a funding request for land acquisition for the Patterson Neighborhood Park project to be submitted to HUD. This funding request submittal will allow for compliance with HUD timely expenditure requirements. In consideration of CDBG program objectives, and this agenda item appearing at Town Council on February 20, 2024, staff requests an exception to appearing on a Town Council Finance and Administrative Committee meeting agenda prior to the April 2, 2024, full Town Council meeting.

Mayor Perry asked for public comment. There was none.

Mr. Ames moved to approve. Mr. Alfred seconded. Motion carried 7-0.

Consideration of an Ordinance to Amend Title 16 of the Municipal Code of the Town of Hilton Head Island, the Land Management Ordinance, to Amend Floor Area Ratio Requirements within the Forest Beach Neighborhood Character Overlay District - First Reading - Missy Luick, Director of Planning

Ms. Luick conducted a detailed presentation regarding the amendment. The existing LMO definition for floor area ratio within the Forest Beach Neighborhood Character Overlay District is defined below:

The maximum **gross floor area** is limited to 0.55 times the area of the **lot** containing the **single-family** residence up to a maximum of 5,000 square feet. The **gross floor area** shall include covered porches and all enclosed space with a ceiling height of seven feet or greater except as follows:

- i. Areas beneath the structure utilized solely for parking and storage. All such areas must be hydrostatically vented if required by the Building Official.
- ii. The first 600 square feet of covered porches.
- iii. Attic space as defined by the latest adopted edition of the International Building Code (IBC).

The amendment proposes reducing the maximum FAR from 0.55 to 0.45 for single-family homes within the Forest Beach Neighborhood Character Overlay District. A FAR of 0.45 is consistent with existing FAR requirements in the current Land Management Ordinance (LMO) for the other two Neighborhood Character Overlay Districts of Folly Field and Holiday Homes.

NONCONFORMING STRUCTURES:

Chapter 16-7 provides standards for nonconformities. The purpose statement of the Nonconformities Chapter reads as follows, “the zoning regulations and development standards established by this Ordinance are designed to guide the future development and redevelopment of land within the Town by encouraging and regulating site development and appropriate groupings of compatible and related uses that promote and protect the public health, safety, and general welfare. While the Town recognizes the continued existence of nonconformities is generally inconsistent with the purpose and intent of this Ordinance, it also recognizes this Ordinance needs to provide flexibility to encourage redevelopment of nonconforming development if it lessens the degree of the nonconformity and if redevelopment is consistent with the goals of the Comprehensive Plan and the district in which the development is located. This Chapter provides for the regulation of nonconforming uses, structures, signs, and site features, and specifies those circumstances and conditions under which such nonconformities are allowed to continue and redevelop.”

If a structure is legally nonconforming, to redevelop, expand or relocate, it must meet the requirements of Chapter 16-7 or Chapter 16-9 Disaster Recovery.

DATA ANALYSIS:

Town data shows that at the current 0.55 FAR there are thirty-nine (39) existing non-conforming properties within the FB-NC-O District. Reducing the FAR to 0.45 would result in approximately one hundred seventeen (117) additional legal nonconforming properties.

Mayor Perry asked for public comment.

Jocelyn Staiger addressed Council regarding options to rebuild if homes are destroyed and how the proposed FAR would apply.

Angie Hutchins addressed Council questioning why this needs to be a Town Council decision as opposed to a property owners association decision.

Members of Council had questions, comments and discussion regarding: confirmation that the homeowners association of this area is in full support of the proposal FAR; confirmation homeowners can rebuild if their home is destroyed with the use of provisions provided for nonconforming sites and structures and if the criteria is met the home can be rebuilt with consideration of bringing it more into conformance; the need to correct the following wording on the proposed resolution with correct numbering (**depicted in red print**) “WHEREAS, on April 3, 2001, the Town Council for the Town of Hilton Head Island, South Carolina, adopted Ordinance 2003-19 **2001-17**, by which the then existing Land Management Ordinance by, among other things, adopting the “Forest Beach Neighborhood Overlay District”; and confirmation the area was largely developed before the overlay was put in place.

Mr. Ames moved to approve. Ms. Brison seconded. Motion carried 7-0.

Executive Session

Discussion of Negotiations Incident to Proposed Contractual Arrangements and Discussions for the Proposed Sale or Purchase of Property [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(2)] related to:

1. Pembroke Drive Area
2. Muddy Creek Road Area

Discussion of Negotiations Incident to Proposed Contractual Arrangements [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(2)] related to:

1. FY25 Beach Franchise Agreement Request for Proposals (RFP)

Discussion of Matters Relating to the Proposed Location, Expansion, or the Provision of Services Encouraging Location or Expansion of Industries or Other Businesses in the area Served by the Public Body [Pursuant to South Carolina Freedom of Information Act Section 30-4-70(a)(5)] related to:

1. Project Cloud

Mayor Perry asked the Town Manager if there was a need to enter Executive Session. Mr. Orlando stated there was a need regarding the items listed above.

At 7:35 p.m. Mr. Ames moved to enter into Executive Session for the reasons cited by the Town Manager. Mr. Alfred seconded. Motion carried 7-0.

Mr. Stanford left the meeting at this time.

At 8:48 p.m. Mr. Ames moved to come out of Executive Session. Ms. Brison seconded. Motion carried 6-0.

Action from Executive Session

Mr. Ames moved to authorize the Town Manager to extend a non-binding letter of intent to Project Cloud outlining the details of a potential economic development transaction the terms of which will be subject to formal Town Council approval at a subsequent meeting. Mr. Alfred seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 6-0.

Adjournment

The meeting was adjourned at 8:50 p.m.

Kimberly Gammon, Town Clerk

Alan R. Perry, Mayor

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



Town of Hilton Head Island TOWN COUNCIL MEETING Tuesday, March 5, 2024, 3:00 PM Minutes

Call to Order

Mayor Perry called the meeting to order at 3:00 p.m.

Council Members present: Alan Perry, Mayor, Patsy Brison, Ward 2; Alex Brown, Ward 1; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Glenn Stanford, Ward 6 (joined the meeting via Microsoft Teams).

Council Members absent: David Ames, Ward 3, Mayor Pro-Tempore

Invocation

Reverend Jonathan Tompkins of St. Andrews by the Sea United Methodist Church delivered the invocation.

Adoption of the Agenda

Mr. Alfred moved to approve. Ms. Brison seconded. Motion carried 6-0.

Developmental Disabilities Awareness Month Proclamation - Mayor Alan Perry

Galen Sturup-Comeau was present to accept the proclamation. He thanked Council for the proclamation and provided information and background regarding the program(s) provided by the Beaufort County Disabilities and Special Needs Department.

Hilton Head Island Destination Marketing Organization (DMO) Quarterly Report - Andrew Davis, Director of Marketing and Communication

Andrew Davis provided information and background regarding the efforts being made to inform the public of the progress of the DMO and the reporting process. He introduced Ariana Pernice, Vice President of the Visitor & Convention Bureau, Hilton Head Island-Bluffton Chamber of Commerce to conduct a presentation on the efforts to date.

Ms. Pernice conducted a detailed presentation regarding destination values stating they work with Town and in alignment with our community, our destination's core

values, and how they support out-marketing efforts.

She reviewed highlights from October 2023 through December 2023. She noted the need for positive recognition from a reputable global media outlet, along with alignment of travel trends signifies the success of our marketing shift, emphasizing the destination's relevance and forward-thinking approach. She reviewed the highlights of why tourists come to Hilton Head Island.

Ms. Pernice explained that aligning the Hilton Head Island brand with top luxury media outlets and their readership ensures we're consistently creating awareness of the destination amongst our target audience of \$150k-\$250k+ household income, averaging two to four trips per year.

She noted bringing forward the importance of our destination values to key editors across multiple publications and reaching their qualified audience matters. Ms. Pernice further explained the official Vacation Planner brings our destination into the homes of our visitors, further instilling our core values and key attributes while serving as a planning tool for those looking to travel to Hilton Head Island. The combination of website analytics and social media insights empowers data-drive decision-making, ensuring adaptability and responsiveness to digital out marketing efforts.

Ms. Pernice proceeded to review the social engagement statistics for Hilton Head Island.

Members of Council extended their thanks for the report and efforts to focus on what is needed from our DMO. It was suggested a UR Code be accessible at the kiosks throughout the Island with links to oral histories regarding the Island.

Appearance by Citizens

Diane Baima addressed Council regarding the current struggles regarding housing for residents in Chimney Cove with short-term leases and monthly increases in rent.

Mike Davis addressed Council regarding the abandoned watercraft proposed ordinance asking that they consider limiting where the moorings are permitted to be located and have a requirement regarding distance from housing.

New Business

Consideration of an Ordinance to Amend the Town of Hilton Head Island's Comprehensive Plan to Incorporate a Housing Impact Analysis - First Reading - Missy Luick, Director of Planning

Ms. Luick conducted a presentation and explained If local governments opt to use ATAX for workforce housing needs, they will be required to prepare a Housing Impact Analysis (as outlined in Section 6-4-12 in the Act) prior to the second reading of the ordinance allowing such usage. The Analysis outlines workforce housing needs in their communities and how these funds will help solve the local workforce housing needs.

Act 57 Key Points:

- For the purposes of the Act, workforce housing means “residential housing for rent or sale that is appropriately priced for rent or sale to a person or family whose income falls within thirty percent (30%) and one hundred twenty percent (120%) of the median income for the local area, with adjustments for household size, according to the latest figures available from the United States Department of Housing and Urban Development (HUD).”
- Expenditures of both state and local ATAX are capped at fifteen percent (15%) of the local government’s annual collections.
- The provisions of this Act are no longer effective after December 31, 2030.
- A Housing Impact Analysis must be completed and adopted prior to second reading of an Ordinance to Town Council for approval.
- Town must update (amend) its Comprehensive Plan to include/adopt the Housing Impact Analysis as a part of its housing element.

The Housing Impact Analysis required by Act 57 must include:

- Cost of developing, construction, rehabilitating, improving, maintaining, or owning single-family or multifamily dwellings;
- An analysis of the relative impact of the ordinance on low- and moderate-income households.
- The following housing cost information is required as part of the Housing Impact Analysis:
 - Reasonable estimates of the effect of housing costs, either in a brief summary or worksheet demonstrated by computations in dollar amounts.
 - If the local government determines that it is not possible to make an estimate expressed in dollar amounts, then the analysis must include a statement setting forth the reasons for the local government's determination.
 - The analysis must include descriptions of both the immediate effect and the long-term effect of the ordinance on housing costs.

The local government shall provide copies of the Housing Impact Analysis to:

- The Department of Revenue,

- The Tourism Expenditure Review Committee, and
- As an ordinance to the members of the legislative body of the local government.

Staff has confirmed receipt by both agencies above. Both agencies also confirmed that the Town of Hilton Head Island is the first municipality to deliver a Housing Impact Analysis.

The Department of Revenue may not disburse any ATAX revenue for workforce housing unless and until the local government has provided the housing impact analysis to the parties listed.

Procedural steps that must be taken:

1. Complete a Housing Impact Analysis.
2. Distribute the Housing Impact Analysis to the required entities.
3. Update/Ratify the Town's Comprehensive Plan.
 - a) Share the Housing Impact Analysis with the Planning Commission. (Solicit input from homebuilders, developers, contractors, and housing finance experts.)
 - b) Adopt an Ordinance incorporating the Housing Impact Analysis into the Comprehensive Plan.

The Housing Impact Analysis has five areas of focus outlined below:

1. Employment Analysis:

The Employment Analysis assesses the current job market, growth projections, and employment trends within Hilton Head Island. This chapter also highlights how area employees are housing cost burdened. Households are considered cost-burdened if they spend over 30% of their household income on housing. Households are considered extremely cost-burdened if they spend over 50% of their household income on housing.

In May 2022, a US Bureau of Labor Statistics Occupational Employment and Wages study indicated the following averages for Hilton Head Island employment sectors. Workers in the Hilton Head Island-Bluffton-Beaufort, SC Metropolitan Statistical Area had an average (mean) hourly wage of \$22.21 in May 2022, 25 percent below the nationwide average of \$29.76.

In this chapter we pulled wages from the Bureau of Labor Statistics for the top employment sectors for Hilton Head.

- Based on these wages and 30% rule of thumb, rents would need to be below \$964.50 to be considered affordable.
- The current median rent is \$1,330.

2. Housing Market Analysis:

The Housing Market Analysis Chapter highlights the current cost of housing on the Island looking at both single family and condo/villa prices. In addition to national real estate data, the Hilton Head Area Realtors and Hilton Head Island Area Homebuilders Association helped to provide data sources for this section.

The Hilton Head Area Realtors 2022 Year-end Market Trend Analysis indicated a significant increase in median sales costs on the Island in both single family attached and detached showing between 15-20% increases depending on what type of housing. With these accelerated increases in pricing, housing affordability has taken a direct hit.

Recent data from May 2023 indicated historical housing affordability continuing to decline significantly on the Island. The chart below shows a continual trend as housing becomes less affordable based on average incomes on the Island. The lower the number the less affordable the community.

3. Housing Market Conditions:

The Housing Market Conditions Chapter highlights various factors related to increased housing costs.

- This chapter also focused on the Town's housing costs versus other rapidly growing South Carolina markets. Several of these communities compete for the same employment sectors and employees. Hilton Head was by far the most expensive housing market.
- This chapter goes into detail on the rapid growth in housing prices over the last few years on the Island.
- The chart on the left shows overall housing types (condos, townhomes and single-family ownership) with a trend of almost doubling the median sale price from 2020 to 2023. If we just look at single family homes, the median home price is over \$1M.

4. Construction & Development Costs:

The Construction/Development Chapter highlights specific development costs impacting housing affordability. Construction costs have significantly increased the cost of housing over the past few years along with other development factors including but not limited to the availability of developable land,

insurance costs and mortgage rate increases. The following development costs were analyzed:

Land Costs:

- Over 70% of the land is in a planned unit development (PUD), minimizing the availability of land for developments, not to mention affordable land. For example, a recent search on Land Watch for vacant lots for sale on the Island showed one .11-acre lot Mid-Island for \$359,000.
- Developers indicated land cost can be as much \$25,000/door for an apartment development on Hilton Head Island where available, developable land is scarce.

Construction Costs:

- The average price per square foot was \$541. Rate.com research indicated a \$261/sq. ft. increase from \$279/sq. ft. to \$540/sq. ft. from August 2021 to August 2023.
- This means for a 1,000 square foot house, construction pricing grew from \$279,000 to \$540,000, not accounting for land, fees, insurance, and taxes

Development Fees:

- On Hilton Head, assuming a \$20M development with approximately 50 dwelling units, 2,500 sq. ft/unit on 2 acres, the Town's fees could be as much as \$360,927 and does not include planning fees estimated at \$7,218.55 per unit in development fees.
- Other fees such as permit fees for the Town of Hilton Head Island and Beaufort County impact fees (water and sewer etc.) can cost over \$3,000/unit.

Insurance Costs:

- A June 2023 article in the Island Packet indicated some insurance costs have increased by 500% from 2022. Several insurance policies for Island properties have doubled or tripled in the past two years.

Mortgage Rates:

- Increased mortgage rates continue to limit affordable home buying opportunities for families. Since August 2023, interest rates have risen to as high as 8% depending on the loan type, the amount of down payment provided and varying credit score between 580-800.

5. Solving the Housing Crisis:

The Solving the Housing Crisis Chapter highlights past, current, and future strategies the Town has implemented or will consider to address the growing

demand for affordable workforce housing.

- The adoption of the Finding Home, Workforce Housing Framework in 2022 was a key step in addressing not only the need to preserve and produce more workforce housing but also outlined priority strategies and action items for implementation.
- If the Housing Impact Analysis is adopted, the Town will have the authority to utilize up to 15% of its state and local Accommodation Tax (ATAX) to support strategies that will increase the production and preservation of workforce housing on the Island.

Public Review Timeline: Housing Impact Analysis – Comprehensive Plan

- November 27, 2023: Housing Action Committee review
- December 13, 2023: Housing Action Committee recommendation of approval
- December 17, 2023: Legal ad posting
- January 17, 2024: Planning Commission Public Hearing and recommendation of approval
- February 8, 2024: Public Planning Committee recommendation of approval
- February 20, 2024: Town Council Brief
- March 5, 2024: Town Council 1st Reading
- March 19, 2024: Town Council 2nd Reading

Mayor Perry asked for public comment.

Ken Campbell addressed Council and extended his thanks to staff for their efforts regarding the report.

Ms. Brison moved to approve. Mr. Alfred seconded.

Members of Council had questions, comments and discussion regarding: confirmation that the current housing market conditions included in the analysis are from summer of 2023; and market conditions were gathered from Hilton Head Realtors Association as well as various housing related sites.

Concluding discussion, the motion carried 5-1 (Becker opposed).

Consideration of an Ordinance to Amend Title 8, Chapter 3, of the Town of Hilton Head Island Code of Ordinances, to add Section 8-3-114 titled Abandoned Watercraft - First Reading - Josh Gruber, Deputy Town Manager

Mr. Gruber provided background and conducted a presentation regarding the item. In 2021, the South Carolina General Assembly adopted Section 50-21-30 which states that if a local government wishes to regulate the operation, titling, equipment, numbering, or all other matters relating to the regulation of watercraft while on the waters of the State, it must adopt legislation that is identical to South Carolina Code of Laws Section 50-21- 190. In recent years, the Town has observed an increase in the number of vessels, boats, and other watercraft that are abandoned, severely neglected, or even sunk, and for which it wishes to amend its code to adopt regulation specifically dealing with these types of issues. Therefore, the Town is proposing to amend the Town Code to incorporate Section 8-3- 114 entitled Abandoned Watercraft as required by Section 50-21-30 of the South Carolina Code of Laws. This action will allow the Town to utilize the provisions found within Section 50-21-30 as it works to address issues arising from the abandonment of watercraft or other vessels within the territorial jurisdiction of the Town. At its meeting on February 12, 2024, the Community Services & Public Safety Committee unanimously voted to recommend adoption of the proposed Ordinance to Town Council.

Mayor Perry asked for public comment.

Pamela Martin Ovens addressed Council and stated she spoke with boat captains, and they agreed help is needed with the removal of abandoned boats.

Mr. Brown moved to approve. Mr. Alfred seconded.

Members of Council had questions, comments and discussion regarding: the need to control our waterways and environment; acknowledgement of the need to work with the State; the need to work towards reimbursement for removals; confirmation that if the Town were to do the removal there would be a budget proposal to do so; confirmation there has been a partnership between the Town and a non-profit organization and the County to keep the waterways clean.

Concluding discussion, the motion carried 6-0.

Executive Session

Discussion of Negotiations Incident to Proposed Contractual Arrangements and Discussions for the Proposed Sale or Purchase of Property (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a]) related to:

1. Marshland Road Area
2. Beach City Road Area
3. Cordillo Parkway Area

4. Wild Horse Road Area

Receipt of Legal Advice from the Town Attorney on Matters Covered Under the Attorney-Client Privilege [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70(a)(2)] Related to:

1. Forrest Beach Villas
2. Beaufort County v. Town of Hilton Head Island (Law Enforcement Fee)
3. Royal Dunes POA v. Town of Hilton Head Island
4. Hilton Head Motorcoach Resort v. SIPSD and Town of Hilton Head Island
5. Transcon v. Town of Hilton Head Island
6. White and Wilkes v. Town of Hilton Head Island

Mayor Perry asked the Town Manager if there was a need to enter Executive Session. Mr. Orlando stated there was a need regarding the items listed above.

At 3:48 p.m. Ms. Brison moved to enter into Executive Session for the reasons cited by the Town Manager. Ms. Becker seconded. Motion carried 6-0.

Mr. Stanford left the meeting at this time.

At 4:55 p.m. Ms. Brison moved to come out of Executive Session. Mr. Alfred seconded. Motion carried 6-0.

Action from Executive Session

Mayor Perry asked if there was any action required as a result of Executive Session.

Ms. Brison moved that Council authorize the Mayor and Town Manager to execute and deliver the agreement by and between the Town of Hilton Head Island, South Carolina, and Herbert Ford, for the purchase and sale of 0.639 acres, more or less, on Marshland Road, and to take such other and further actions as may be necessary to complete the transaction described in the agreement. Ms. Becker seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 6-0.

Ms. Brison moved that Town Council authorize the Mayor and Town Manager to execute and deliver the agreement by and between the Town of Hilton Head Island, South Carolina , and Lawrence Orage, personal representative of the estate of Bessie J. Orage, for the purchase and sale of 0.169 acres, more or less, on Wild Horse Road, and to take such other and further actions as may be necessary to complete the transaction described in the agreement. Ms. Becker

seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 6-0.

Adjournment

The meeting was adjourned at 4:57 p.m.

Approved:

Kimberly Gammon, Town Clerk

Alan R. Perry, Mayor

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

The Town of Hilton Head Island



Proclamation

WHEREAS, during American Red Cross Month in March, we recognize the compassion of people in Hilton Head Island and reaffirm our commitment to care for one another in times of crisis; and

WHEREAS, this generous spirit is woven into the fabric of our community and advances the humanitarian legacy of American Red Cross founder Clara Barton — one of the most honored women in our country's history — who nobly dedicated herself to alleviating suffering; and

WHEREAS, today, kindhearted individuals in our community exemplify Barton's commitment as they step up through the challenges to provide a beacon of hope for our neighbors in need. Through their voluntary and selfless contributions, they make a lifesaving difference in people's darkest hours — whether it's delivering shelter, food and comfort during disasters; providing critical blood donations for hospital patients; supporting military families, veterans and caregivers through the unique challenges of service; saving lives with first aid, CPR and other skills; or delivering aid and reconnecting loved ones separated by global crises; and

WHEREAS, Last year alone, the Lowcountry Chapter of the Red Cross of South Carolina responded to more than 380 local disasters, including home fires--assisting 1,400 people by distributing more than \$270,000 in direct financial assistance following local disasters. Additionally, the Lowcountry Chapter made more than 1,900 homes safer through educational visits and served more than 3,000 active-duty military, veterans, and their families through emergency communications and critical needs; and

NOW. THEREFORE, I Alan R. Perry, Mayor of the Town of Hilton Head Island, South Carolina, do hereby proclaim March, 2024 as Red Cross Month. I encourage all citizens of Hilton Head Island to reach out and support its humanitarian mission.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed on this March Nineteenth in the year of our Lord, two thousand and twenty-three.



Alan R. Perry, Mayor

Attest:

Kimberly Gammon, Town Clerk



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council
FROM: Jack Alderman, Chair of the Housing Action Committee
VIA: Shawn Colin, Assistant Town Manager, Community Development
VIA: Missy Luick, Director of Planning
CC: Marc Orlando, Town Manager
DATE: March 19, 2024
SUBJECT: Housing Action Committee Update

BACKGROUND – The Town Council formed the Housing Action Committee (HAC) as a part of the priorities defined within the 2022 Workforce Housing Framework, *Finding Home*, adopted by the Town Council in November 2022.

The Hilton Head Island Workforce Housing Initiative is a comprehensive program designed to address the critical need for workforce housing in the community. The workforce housing framework is a commitment to preserve and expand workforce housing options on Hilton Head Island through the adoption of four foundational pillars: Community, Planning, Management, and Revenue. Collectively, these pillars establish the enabling structure to assign future policy, programs, organizational capacity, resources and management.

SUMMARY – The Housing Action Committee (HAC) has been actively engaged in driving workforce housing initiatives, focusing on reviewing strategic plans and implementing Town Council approved initiatives. In Quarter 3 of the fiscal year, the HAC convened three committee meetings to discuss these matters and ensure progress towards housing goals under the four pillars of the Housing Framework, *Finding Home*: Community, Management, Planning and Revenue.

Q1 FY24

August 22, 2023, Meeting

- The Housing Action Committee convened its inaugural meeting. Overview of Town Council approved housing plans was discussed.

Q2 FY24

October 4, 2024, Meeting

- Agenda Coordination Process – The Committee decided that the Agenda Coordination Process would be a 50/50 collaboration between the Chair and Chief Housing Officer.

- The Committee discussed term limits for the Chair and Vice Chair would be two consecutive term limits of three years.
- The Housing Action Committee held an election of officers.
 - Ms. West nominated Mr. Alderman for the position of Chairman. Ms. Gillis seconded. Mr. Jack Alderman was elected Chairman unanimously.
 - Mr. Okner nominated Ms. West as Vice Chair. Ms. Jones-Anderson seconded. Ms. West was elected Vice Chair unanimously.
- Components of a Displacement Mitigation Strategy and Support Plan were discussed.
- The Committee discussed the strategies, incentives and tools to support an effective and sustainable Workforce Housing Pla

November 27, 2023, Meeting

- Reviewed and Recommended Memorandums of Understanding (MOUs) with Coastal Community Development Corporation and Habitat for Humanity to Town Council.

December 13, 2023, Meeting

- Housing Impact Analysis Recommendation: The HAC discussed and recommended a Housing Impact Analysis to Town Council.
 - A key component of Act 57 necessary for the Town to utilize up to 15% of Accommodations Tax revenue for workforce housing is the requirement to complete a Housing Impact Analysis which must be adopted by ordinance as an amendment to the Town's Comprehensive Plan Housing Element.
- The Committee discussed the strategies, incentives and tools to support an effective and sustainable Workforce Housing Plan.

Q3 FY24

January 17, 2024, Meeting

- Introduction to Chief Housing Officer: At this meeting, the HAC was introduced to the newly hired Chief Housing Officer, marking a significant step in leadership towards implementing workforce housing initiatives effectively. The Chief Housing Officer would be responsible for overseeing and coordinating housing efforts.

February 15, 2024, Meeting

- Adoption of the Multi-Year Housing Action Plan: During this meeting, the HAC adopted a Multi-Year Housing Action Plan, outlining a strategic roadmap for addressing workforce housing challenges over a specified period. This plan likely included specific goals, objectives, and action steps to guide housing efforts.
- Communications Plan Discussion and Next Steps: The HAC discussed a communications plan aimed at raising awareness, engaging stakeholders, and fostering community support for workforce housing initiatives. Next steps included outlining communication strategies and implementation timelines.

- Presentation by Foundation of the Low Country: The HAC received a presentation from the Foundation of the Low-Country, which provided insights, resources, and partnership opportunities related to workforce housing initiatives.
- Chief Housing Officer 100-day plan presentation: The Chief Housing Officer presented a 100-day plan, outlining short-term goals, priorities, and initiatives to kickstart housing efforts under their leadership.

March 11, 2024, Meeting

- Displacement Mitigation Project Plan Discussion and Planning: During this meeting, the HAC discussed and began planning an Displacement Mitigation Plan. This plan would aim to mitigate displacement risks and preserve housing stability within the community, reflecting the committee's commitment to addressing housing challenges comprehensively.

2024 Priority Initiatives

- Displacement Mitigation Support Plan: This project focuses on implementing strategies to address displacement concerns within the community, likely including measures to support residents facing displacement due to various factors.
- Workforce Housing Communications Plan: This initiative aims to develop a comprehensive communication strategy to raise awareness and engage the public on issues related to workforce housing, which includes workforce housing.
- Small Homes Series: This project involves launching a program to explore the concept of a preapproved small home plan program as a potential solution to remove barriers to housing developments.
- The Northpoint initiative is a public-private partnership strategy to develop sustainable housing on more than 12 acres of Town-owned property. The initiative will help address the Island's need for more housing for its workforce and at the same time, create a vibrant, well-constructed and livable neighborhood.
- The Muddy Creek Project is currently under review for potential workforce housing development. This site holds promise for addressing the housing needs of our community, particularly for those in the local workforce seeking affordable living options.
- Land Management Ordinance: The Land Management Ordinance is presently undergoing a comprehensive review for an overhaul, with considerations for the inclusion of a Housing Incentive Chapter. This chapter could offer incentives to facilitate the creation of workforce housing on the island, thereby addressing critical housing shortages.

ATTACHMENT



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council
FROM: Quincy White, Chief Housing Officer
VIA: Shawn Colin, Assistant Town Manager- Community Development
VIA: Missy Luick, Director of Planning
CC: Marc Orlando, Town Manager
DATE: March 19, 2024
SUBJECT: Consideration of an Ordinance to Amend the Town of Hilton Head Island Comprehensive Plan to Incorporate a Housing Impact Analysis Second Reading

RECOMMENDATION:

Consideration of an Ordinance to Amend the Town of Hilton Head Island Comprehensive Plan to Incorporate a Housing Impact Analysis.

BACKGROUND:

The Town of Hilton Head Island was instrumental in the passage of Act 57 of the 2023 South Carolina General Assembly Legislative Session. This Act allows local governments to utilize a portion of its state or local accommodations taxes, or both, to be utilized in the development of qualified workforce housing as a tourism related expenditure.

A key component of Act 57 necessary for the Town to utilize up to 15% of Accommodations Tax revenue for workforce housing is the requirement to complete a Housing Impact Analysis which must be adopted by ordinance as an amendment to the Town's Comprehensive Plan Housing Element.

The Town worked with Together Consulting, our housing consultant, to draft the Town's Housing Impact Analysis. In addition to researching and compiling the data required for the Housing Impact Analysis from local, state, and national sources, our housing consultant also received information and data from the Hilton Head Area Realtors, Hilton Head Island Homebuilders Association, and local builders and developers.

Public Review Timeline: Housing Impact Analysis – Comprehensive Plan

- November 27, 2023: Housing Action Committee review
- December 13, 2023: Housing Action Committee recommendation of approval

- December 17, 2023: Legal ad posting
- January 17, 2024: Planning Commission Public Hearing and recommendation of approval
- February 8, 2024: Public Planning Committee recommendation of approval
- February 20, 2024: Town Council Brief
- March 5, 2024: Town Council 1st Reading (Approved 6-1)
- March 19, 2024: Town Council 2nd Reading

Housing Impact Analysis (HIA) required by Act 57:

If local governments opt to use ATAX for workforce housing needs, they will be required to prepare a Housing Impact Analysis (as outlined in Section 6-4-12 in the Act) prior to the second reading of the ordinance allowing such usage. The Analysis outlines workforce housing needs in their communities and how these funds will help solve the local workforce housing needs.

Act 57 Key Points:

- For the purposes of the Act, workforce housing means “residential housing for rent or sale that is appropriately priced for rent or sale to a person or family whose income falls within thirty percent (30%) and one hundred twenty percent (120%) of the median income for the local area, with adjustments for household size, according to the latest figures available from the United States Department of Housing and Urban Development (HUD).”
- Expenditures of both state and local ATAX are capped at fifteen percent (15%) of the local government’s annual collections.
- The provisions of this Act are no longer effective after December 31, 2030.
- A Housing Impact Analysis must be completed and adopted prior to second reading of an Ordinance to Town Council for approval.
- Town must update (amend) its Comprehensive Plan to include/adopt the Housing Impact Analysis as a part of its housing element.

The Housing Impact Analysis required by Act 57 must include:

- Cost of developing, construction, rehabilitating, improving, maintaining, or owning single-family or multifamily dwellings;
- An analysis of the relative impact of the ordinance on low- and moderate-income households.
- The following housing cost information is required as part of the Housing Impact Analysis:
 - Reasonable estimates of the effect of housing costs, either in a brief summary or worksheet demonstrated by computations in dollar amounts.
 - If the local government determines that it is not possible to make an estimate expressed in dollar amounts, then the analysis must include a statement setting forth the reasons for the local government's determination.

- The analysis must include descriptions of both the immediate effect and the long-term effect of the ordinance on housing costs.

The local government shall provide copies of the Housing Impact Analysis to:

- The Department of Revenue,
- The Tourism Expenditure Review Committee, and
- As an ordinance to the members of the legislative body of the local government.

Staff has confirmed receipt by both agencies above. Both agencies also confirmed that the Town of Hilton Head Island is the first municipality to deliver a Housing Impact Analysis.

The Department of Revenue may not disburse any ATAX revenue for workforce housing unless and until the local government has provided the housing impact analysis to the parties listed.

Procedural steps that must be taken:

1. Complete a Housing Impact Analysis.
2. Distribute the Housing Impact Analysis to the required entities.
3. Update/Ratify the Town's Comprehensive Plan.
 - a) Share the Housing Impact Analysis with the Planning Commission.
(Solicit input from homebuilders, developers, contractors, and housing finance experts.)
 - b) Adopt an Ordinance incorporating the Housing Impact Analysis into the Comprehensive Plan.

The Housing Impact Analysis has five areas of focus outlined below:

1. Employment Analysis:

The Employment Analysis assesses the current job market, growth projections, and employment trends within Hilton Head Island. This chapter also highlights how area employees are housing cost burdened. Households are considered cost-burdened if they spend over 30% of their household income on housing. Households are considered extremely cost-burdened if they spend over 50% of their household income on housing.

In May 2022, a US Bureau of Labor Statistics Occupational Employment and Wages study indicated the following averages for Hilton Head Island employment sectors. Workers in the Hilton Head Island-Bluffton-Beaufort, SC Metropolitan Statistical Area had an average (mean) hourly wage of \$22.21 in May 2022, 25 percent below the nationwide average of \$29.76.

In this chapter we pulled wages from the Bureau of Labor Statistics for the top employment sectors for Hilton Head.

- Based on these wages and 30% rule of thumb, rents would need to be below \$964.50 to be considered affordable.
- The current median rent is \$1,330.

2. Housing Market Analysis:

The Housing Market Analysis Chapter highlights the current cost of housing on the Island looking at both single family and condo/villa prices. In addition to national real estate data, the Hilton Head Area Realtors and Hilton Head Island Area Homebuilders Association helped to provide data sources for this section.

The Hilton Head Area Realtors 2022 Year-end Market Trend Analysis indicated a significant increase in median sales costs on the Island in both single family attached and detached showing between 15-20% increases depending on what type of housing. With these accelerated increases in pricing, housing affordability has taken a direct hit.

Recent data from May 2023 indicated historical housing affordability continuing to decline significantly on the Island. The chart below shows a continual trend as housing becomes less affordable based on average incomes on the Island. The lower the number the less affordable the community.

3. Housing Market Conditions:

The Housing Market Conditions Chapter highlights various factors related to increased housing costs.

- This chapter also focused on the Town's housing costs versus other rapidly growing South Carolina markets. Several of these communities compete for the same employment sectors and employees. Hilton Head was by far the most expensive housing market.
- This chapter goes into detail on the rapid growth in housing prices over the last few years on the Island.
- The chart on the left shows overall housing types (condos, townhomes and single-family ownership) with a trend of almost doubling the median sale price from 2020 to 2023. If we just look at single family homes, the median home price is over \$1M.

4. Construction & Development Costs:

The Construction/Development Chapter highlights specific development costs impacting housing affordability. Construction costs have significantly increased the cost of housing over the past few years along with other development factors including but not limited to the availability of developable land, insurance costs and mortgage rate increases. The following development costs were analyzed:

Land Costs:

- Over 70% of the land is in a planned unit development (PUD), minimizing the availability of land for developments, not to mention affordable land. For

example, a recent search on Land Watch for vacant lots for sale on the Island showed one .11 acre lot Mid-Island for \$359,000.

- Developers indicated land cost can be as much \$25,000/door for an apartment development on Hilton Head Island where available, developable land is scarce.

Construction Costs:

- The average price per square foot was \$541. Rate.com research indicated a \$261/sq. ft. increase from \$279/sq. ft. to \$540/sq. ft. from August 2021 to August 2023.
- This means for a 1,000 square foot house, construction pricing grew from \$279,000 to \$540,000, not accounting for land, fees, insurance, and taxes.

Development Fees:

- On Hilton Head, assuming a \$20M development with approximately 50 dwelling units, 2,500 sq. ft/unit on 2 acres, the Town's fees could be as much as \$360,927 and does not include planning fees estimated at \$7,218.55 per unit in development fees.
- Other fees such as permit fees for the Town of Hilton Head Island and Beaufort County impact fees (water and sewer etc.) can cost over \$3,000/unit.

Insurance Costs:

- A June 2023 article in the Island Packet indicated some insurance costs have increased by 500% from 2022. Several insurance policies for Island properties have doubled or tripled in the past two years.

Mortgage Rates:

- Increased mortgage rates continue to limit affordable home buying opportunities for families. Since August 2023, interest rates have risen to as high as 8% depending on the loan type, the amount of down payment provided and varying credit score between 580-800.

5. Solving the Housing Crisis:

The Solving the Housing Crisis Chapter highlights past, current, and future strategies the Town has implemented or will consider to address the growing demand for affordable workforce housing.

- The adoption of the Finding Home, Workforce Housing Framework in 2022 was a key step in addressing not only the need to preserve and produce more workforce housing but also outlined priority strategies and action items for implementation.
- If the Housing Impact Analysis is adopted, the Town will have the authority to utilize up to 15% of its state and local Accommodation Tax (ATAX) to support strategies that will increase the production and preservation of workforce housing on the Island.

ATTACHMENTS:

1. Town of Hilton Head Island Housing Impact Analysis (HIA)
2. Proposed Ordinance
3. Housing Impact Analysis Presentation



THE TOWN OF HILTON HEAD ISLAND



HOUSING IMPACT ANALYSIS

DECEMBER 2023



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ACKNOWLEDGEMENTS

The information and resources within this Housing Impact Analysis was made possible thanks to several community partners .

Community Partners:

- Hilton Head Island Area REALTORS
- Jean Beck, CEO, Hilton Head Island Area REALTORS
- Hilton Head Island Area Home Builder Associations (HHAHBA)
- Meg James, Executive Director, HHAHAB
- Local Developers and Homebuilders
- Lowcountry Council of Governments

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- David Ames, Mayor Pro-Tem
- Alex Brown
- Patsy Brison
- Tamara Becker
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- Glenn Stanford



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EXECUTIVE SUMMARY



Housing Impact Analysis

EXECUTIVE SUMMARY



In November 2022, the Town of Hilton Head Island Town Council adopted the Town of Hilton Head Island's Workforce Housing Framework, *Finding Home*. The goal of the Framework is to provide the Town and municipal leaders with the specific strategies and defined actionable tactics that address both the need for housing preservation and new production of workforce housing. The foundation of the Framework was built on previous planning efforts and broad community engagement through a multi-day planning charrette. The Finding Home Framework is organized by prioritizing four core Pillars: Community, Planning, Revenue and Management. Each of the Pillars includes key strategies and critical first steps.

An essential part of the Framework will be the development of a Multiyear Housing Action Plan that includes broad community engagement and partnership development. To compliment the final Multiyear Housing Action Plan, the Town will also develop a funding plan to support the implementation of the strategies, tactics and action items defined within the plan.

The Town has already committed:

- Town-owned land to support the development of public private partnerships that will help to support and deliver newly constructed workforce housing units.
- \$3.3M in the Town's 2024 FY Budget to support workforce housing initiatives on the Island.
- Established a community-led Housing Action Committee that will provide advice and guidance on policies and programs the Town will consider for implementation to meet the Town's housing goals.
- Hiring a full time Chief Housing Officer who will lead, in partnership with Planning and Community Development leadership, the development and implementation of a Multiyear Housing Action Plan.

EXECUTIVE SUMMARY



CONTINUED

The passage of Senate Bill “S284 Development of Workforce Housing” (Act 57) led by state Senator Tom Davis, will enable the Town of Hilton Head Island to access a new funding source to support the Town’s Workforce Housing Framework objectives. The passage of Act 57 enables local governments to use up to 15% of their Accommodations Tax (ATAX) revenue to support local workforce housing projects and programs, and for the Town, this could be as much as \$2M in new funding annually.

In order to designate any percentage of ATAX funds to workforce housing, the local government must prepare a Housing Impact Analysis (HIA) and provide a copy of that analysis to the South Carolina TERC, Department of Revenue and the members of the local government’s legislative body for review prior to the second reading of the ordinance designating ATAX for the purposes of workforce housing. The Housing Impact Analysis must be developed along with the local government’s comprehensive plan or be included as an amendment to the local government previously adopted comprehensive plan.

Over 25% of the Town of Hilton Head Island’s workforce are employed in the hospitality and accommodation sectors. The growing demand for affordable housing for these households continues to be a focus for the Town and area employers. The availability of ATAX as a new funding source for workforce housing also aligns with the strategies and critical action steps defined in the Revenue Pillar in the 2022 Workforce Housing Framework, *Finding Home*. The following Housing Impact Analysis addresses the required questions outlined as part of Act 57 allowing the Town to utilize ATAX as an eligible funding source to support local workforce housing needs.

The following Housing Impact Analysis per Act 57 requirements includes:

- Current housing and employment trends on Hilton Head Island
- Local analysis of housing and development costs
- Market-rate housing prices
- Cost of available financing to purchase or develop housing.
- Local determination of need for workforce housing including income and housing disparities
- ATAX revenue impacts on short- and long-term housing costs

INTRODUCTION



Housing Impact Analysis

INTRODUCTION



The Hilton Head Island community is a key economic engine within Beaufort County and the broader region. Hilton Head Island is a big part of the economic growth and employment opportunities within the region. However, Island employers are increasingly competing with employers in Bluffton and other area communities for workers. A lack of workforce housing on the Island is an impediment to recruiting and retaining both private-sector and public-sector employees to meet the community's workforce demands.

There is a real risk that a lack of a qualified, stable workforce will lead to a decline in services and quality of life on the Island. Population shifts over the last 20 years show a significant increase in residents moving to these surrounding communities. The 65 and over population has seen the greatest increase on the Island, an 80% increase since 2000. This population would not necessarily be contributing to the workforce but more likely will want and need more services from the workforce including sectors like hospitality and health care.

The Lowcountry Council of Governments, *2022 People and the Economy Report* indicated 1.5% population growth for the Town of Hilton Head Island versus neighboring Town of Bluffton that has seen 113.6% increase in population.

	Census 2000	Census 2010	Census 2020	Estimates 2021	Percent Change 2000-2010	Percent Change 2010-2020
Beaufort County	120,937	162,233	187,117	186,007	34.1%	15.3%
City of Beaufort	12,950	12,361	13,607	12,899	-4.5%	10.1%
Town of Bluffton	1,275	12,978	27,716	27,596	917.9%	113.6%
Town of Hilton Head Island	33,862	37,099	37,661	38,068	9.6%	1.5%
Town of Port Royal	3,950	10,678	14,220	12,734	170.3%	33.2%

INTRODUCTION

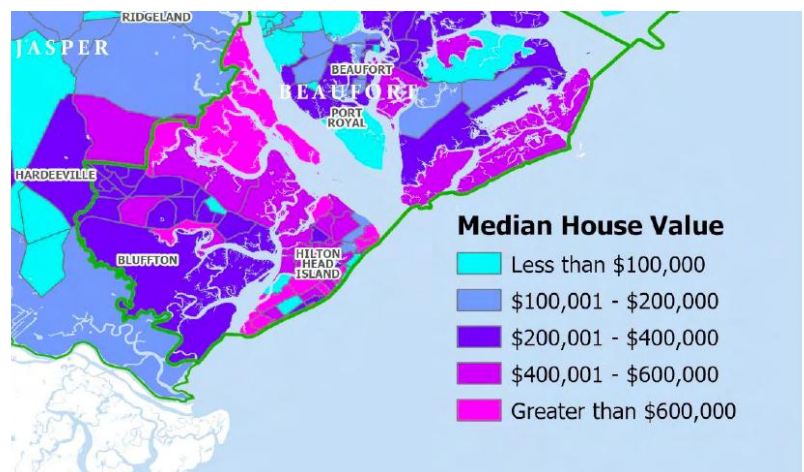
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The Hilton Head Island community is facing a growing challenge around ensuring there is a sufficient supply of affordable and appropriate housing to support its workforce. Employers are having a harder time recruiting and retaining workers for Island employment. Working individuals and families are increasingly being priced out of the community. Everyone on Hilton Head Island—from long-term, year-round residents to seasonal visitors—will feel the impact if the community cannot sustain a qualified workforce.

The ability to attract needed private- and public-sector workers partly depends on the ability of workers to afford housing near their jobs. The growth of employment centers in other parts of Beaufort County means that Hilton Head Island employers will have a more difficult time finding workers as there are more employment options off Island, closer to communities where housing is more affordable, and commutes are shorter. Without an intentional effort to expand workforce housing options on Hilton Head Island, both the economic sustainability and quality of life on the Island may be at risk. (*WFH Strategic Plan*) As shown in the map below from the Lowcountry Council of Governments, *2022 People and the Economy Report* median home values are almost double on Hilton Head Island versus neighboring communities off the Island.

The Town of Hilton Head Island is at a critical juncture to ensure the development and preservation of diverse housing options that are available and affordable for its workforce. Over the last few years, Town Council and Town leadership have consistently indicated this as a top strategic priority. Key recommendations and strategic direction have been defined in the Town's 2019 Workforce Housing Strategic Plan, the Town's Our Plan (Comprehensive Plan) and the recently adopted 2022 Workforce Housing Framework.



BACKGROUND



Housing Impact Analysis

BACKGROUND



In 2019, Town Council adopted the Workforce Housing Strategic Plan in an effort to advance policy that is favorable to address the housing needs of the Island. It includes a set of recommendations that are designed to address current and future workforce housing needs within the Town of Hilton Head Island.

On November 4, 2020, Town Council adopted amendments to the Town's Land Management Ordinance to create a Workforce Housing Program. This included incentives for the conversion of commercial square footage to residential units. On February 16, 2021, Town Council adopted amendments to the Town's Land Management Ordinance to allow for a housing density bonus provided in exchange for workforce housing units.

On February 22, 2022, Town Council held a special meeting where they discussed housing initiatives and proposed next steps. This resulted in three primary efforts that led to the execution of an intergovernmental agreement for participation in the Beaufort Jasper Housing Trust, the pursuit of a public private partnership to develop affordable/workforce housing on the Town-owned Northpoint Tract and the creation of two new public assistance programs for Home Safety and Repair Program and Sewer Connection Program.

On April 1, 2022, the Town released an RFQ seeking a Developer Partner for the Northpoint Tract project. Since that time, an advisory committee reviewed all submittals and the Town Manager announced a development partner in October 2023 and will negotiate a development agreement for Town Council review and consideration.



An increased sense of urgency arose around this issue when an estimated 300 residents, most part of the Island's workforce, were issued eviction notices on August 12, 2022, and residents were only provided one month to move out. The property owner was pursuing plans to redevelop the site. In response to the rising concerns by the community, a special Town Council meeting was held on September 6, 2022, to discuss the status of current workforce housing initiatives. Town Council held a workshop on September 14, 2022 and directed staff to create a housing framework by November 1, 2022.

The Town held a multi-day charette in October 2022 with over 30 community stakeholders along with the Town's senior staff. These two days led to the creation of the Town's Workforce Housing Framework, *Finding Home* which was adopted by Town Council on November 1, 2022. The Framework recommendations are aligned by four pillars, Community, Planning, Management and Revenue with each Pillar defining very specific goals, strategies, and critical first steps for action. This framework outlines the Town's commitment to the creation and preservation of affordable workforce housing on the Island. Key to the implementation of the Framework will be the Revenue pillar, where the Town will define funding and financing sources to support projects and programs that deliver diverse affordable housing options on the Island.

The passage of South Carolina Senate Bill 284, now known as Act 57, provides a direct nexus between the Accommodations and Hospitality industry and the ability to support workforce housing opportunities. Local governments now have access to a new funding source to support the development of additional housing to meet the growing demand for workforce housing on the Island to support the local tourism economy. The recent escalation in housing cost on the Island has made this choice more difficult for this critical workforce.



EMPLOYMENT & HOUSING ANALYSIS



Housing Impact Analysis

The Lowcountry Council of Governments, *2022 People and the Economy Report* indicated Beaufort County as on one of the top tourist destinations in the state, with the Hilton Head Island community being a significant draw for visitors. With the increased cost of housing on the Island, employers are finding it more difficult to retain and recruit workers to these tourism related employment sectors.

Tourism Industry

Tourism is vital for the success of the region's economy. As reflected in Table 17, the region's expenditures had increased until 2019, then declined in 2020 due to the COVID-19 pandemic. Beaufort County, is considered one of the top tourism destinations in the state, having the greatest amount of visitor spending and the largest tourism-generated jobs. Colleton County, nationally recognized for the ACE Basin eco-tourism destination and several 1-95 interchanges, ranks second for tourism expenditures and payrolls.

Table 17: Economic Impact of Visitors 2017-2020

	2017	2018	2019	2020	Percent Change 2017-2020
Beaufort County					
Tourism Employment	14,170	14,590	15,280	14,620	5.6%
Payroll from Tourism	\$261,570,000	\$270,780,000	\$294,880,000	\$307,230,000	23.1%
Expenditures by Visitors	\$1,374,800,000	\$1,433,990,000	\$1,539,740,000	\$1,379,800,000	5.8%

Despite this robust tourism economy, the increased cost of housing on the Island is having an impact on the ability for area employers to recruit and retain workers within the tourism-related employment sectors. Although many of these employers pay above median wages (over \$15/hour) for these positions, employees continue to be cost burdened as they balance other household expenses with the accelerating housing costs. Housing affordability is determined by the percentage of an individual's gross pay that is absorbed by housing costs. An "affordable" unit should cost no more than 30% of that individual's or family's total income. Households are considered "cost burdened" when their housing costs exceed this figure. A household is considered to be "extremely cost burdened" if they are spending over 50% of their income on housing.

There is already evidence of the workforce housing impact. Some local restaurant owners are closing down one day a week because they cannot find sufficient staff. Healthcare providers are having difficulty retaining key employees, like nurse technicians. Landscaping companies on the Island struggle to find enough people to mow lawns, trim trees and install and maintain landscaping. The public school system faces challenges with teacher recruitment and turnover. Employers consider housing availability and affordability on Hilton Head Island as essential for attracting and keeping qualified workers.

Many people working on Hilton Head Island commute from elsewhere in Beaufort County and beyond. **More than 14,000 workers commute onto the Island each day for work, with the number of in-commuters rising steadily each year.**

People who work on Hilton Head Island commute longer distances than those commuting to either Bluffton or Beaufort. **About 17 percent of workers on Hilton Head Island—or nearly 4,400 workers—commute 50 miles or more each way to get to work.** On their way to and from Hilton Head Island, those commuters will pass by growing areas in Bluffton, Hardeeville, Port Royal and other communities where employment opportunities are expanding. More job options in other parts of the county will make it less attractive for workers to continue to commute onto Hilton Head Island to work. (WFH Framework 2022)

EMPLOYMENT ANALYSIS

CONTINUED



Based on 2021 data, the largest employers on Hilton Head Island are mainly in the service industry and health care. These employment sectors' median salaries are between \$25,000 and \$57,000 depending on experience and tenure as reported by the Bureau of Labor Statistics, May 2022. Based on these salaries service workers in Hilton Head Island can afford to pay \$575 a month in rent while the median rent in Hilton Head Island as of 2020 was \$1,330, while health care employees can afford to pay \$1,250 which is still not enough to afford the median priced apartment on the Island.

In May 2022, a US Bureau of Labor Statistics Occupational Employment and Wages study indicated the following averages for Hilton Head Island employment sectors. Workers in the Hilton Head Island-Bluffton-Beaufort, SC Metropolitan Statistical Area **had an average (mean) hourly wage of \$22.21 in May 2022, 25 percent below the nationwide average of \$29.76.** Regional Commissioner Victoria G. Lee of BLS, noted that, after testing for statistical significance, wages in the local area were lower than their respective national averages in 21 of the 22 major occupational groups.

When compared to the nationwide distribution, Hilton Head Island area employment was more highly concentrated in 7 of the 22 occupational groups, including food preparation and serving related, sales and related, and building and grounds cleaning and maintenance. Thirteen groups had employment shares significantly below their national representation, including production, transportation and material moving, and business and financial operations.

One occupational group—food preparation and serving related—was chosen to illustrate the diversity of data available for any of the 22 major occupational categories. Hilton Head Island had 12,450 jobs in food preparation and serving related, accounting for 16.0 percent of local area employment, significantly higher than the **8.5-percent share nationally.**

TOP ISLAND EMPLOYERS (2021)

EMPLOYER	EMPLOYEES
SERG GROUP RESTAURANTS	1,244
MARRIOTT VACATION CLUB INTL	580
SEA PINES RESORT	536
HILTON HEAD MEDICAL CENTER AND CLINICS	506
COASTAL RESTAURANTS AND BARS	500
BEAUFORT COUNTY SCHOOL DISTRICT	438

Source: Town of HHI Comprehensive Annual Financial Report

"WHAT'S AFFORDABLE?" BY WORKER SEGMENTS



Source: US Census Bureau, 2018 Workforce Housing Strategic Plan

EMPLOYMENT ANALYSIS

CONTINUED



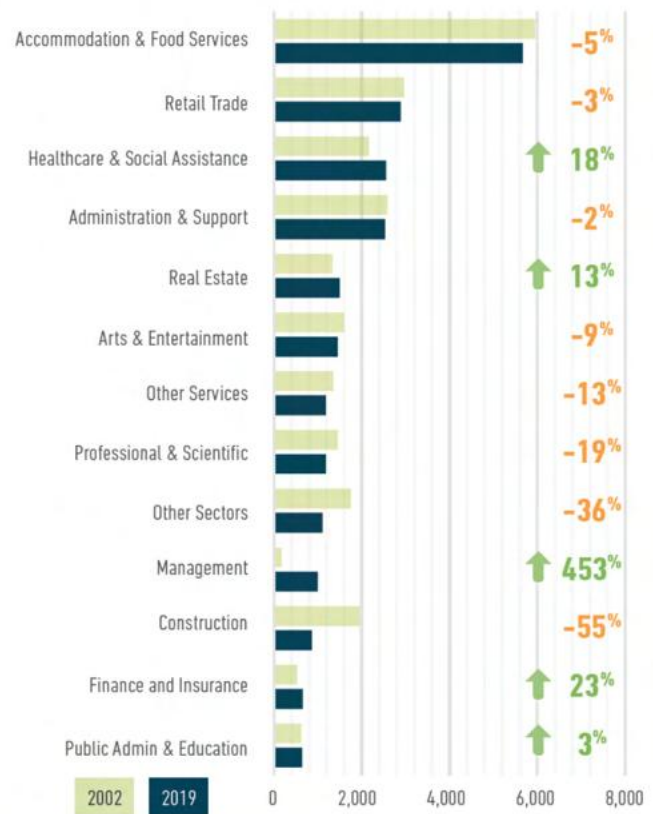
This chart based on the US Census Bureau data shows the size of the top employment sectors on the Island along with the percentage of change over time. Although accommodations and retail related positions have decreased slightly compared to other employment sectors, they remain the top two employment sectors with Healthcare and Administration within the top five. Accommodations and Food Service have the largest percentage of employment in the region.

The chart below indicates the top three employment sectors and their median wages for each from the 2022 Bureau of Labor Statistics for Hilton Head Island.

The chart shows average hourly wages and salaries for Accommodations and Food service, Retail, Healthcare and Administration employment sectors aligned with what would be considered affordable rents based on spending no more than 30% of an individual's or family's total income on housing. Rents would need to be below \$964.50 for most employment sectors to be considered affordable.

Households who spend over 50% of their income are considered extremely cost burdened.

SECTOR SIZE & CHANGE, 2002-2019



Source: US Census Bureau, 2000 to 2021 Censuses

Employment and wage data for Top related occupations, Hilton Head Island metropolitan area, May 2022

Occupation	Levels	Hourly	Annual Salary	Housing Affordability (30%)	Cost Burden (50%)
Total Food preparation and serving related occupations	12,450	\$ 13.32	\$ 27,700.00	\$ 692.50	\$ 1,154.17
Total Office and Administrative Support Occupations	10,050	\$ 18.52	\$ 38,520.00	\$ 963.00	\$ 1,605.00
Total Sales and Related Occupations	9,450	\$ 18.55	\$ 38,580.00	\$ 964.50	\$ 1,607.50
Total Building and Grounds Cleaning and Maintenance Occupations	4,220	\$ 15.84	\$ 32,950.00	\$ 823.75	\$ 1,372.92
Total Personal Care and Service Occupations	2,910	\$ 15.38	\$ 31,980.00	\$ 799.50	\$ 1,332.50



Based on the 2023 National Low Income Housing Coalition's Out of Reach Data the following Zip Code data shows the hourly wage necessary to afford a market rate rental unit within 29926 and 29928 areas.

The median wages highlighted on previous page indicates Accommodations and Food Preparation for Hilton Head Island was \$13.32, while an employee must earn at least \$25.96 to afford a one-bedroom apartment on the Island as defined in the charts to the left as indicated by the National Low Income Housing Coalition's Out of Reach Data.

Based on this analysis, all major employment sector employees on the Island would be considered "Cost Burdened".

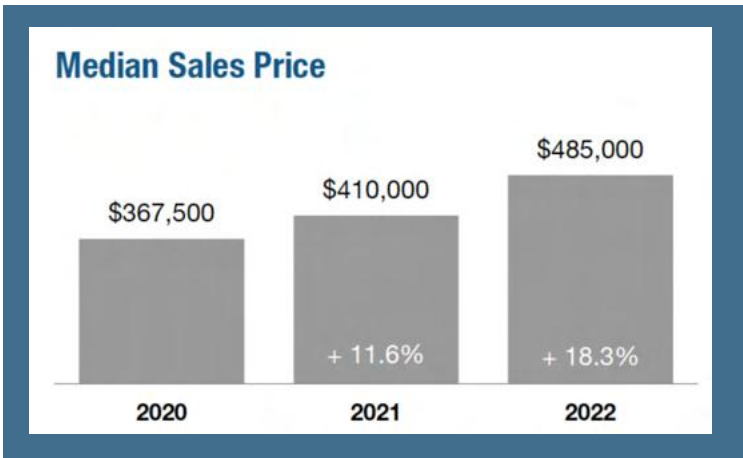
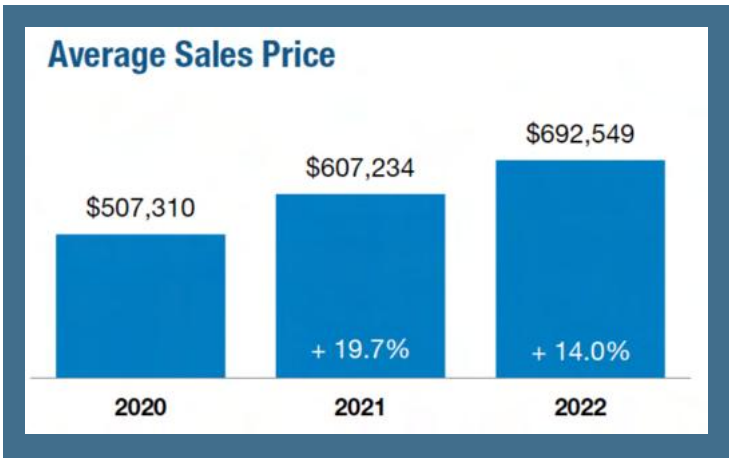


National Low Income Coalition Zip Code Analysis for Housing Wage

The dollar amount shown for each zip code is the two-bedroom Housing Wage, which are only available within metropolitan areas. Zip code-level Housing Wages are based on HUD's Small Area Fair Market Rents (FMRs) for Zip Code Tabulation Areas (ZCTAs) from the U.S. Census Bureau, which differ slightly from U.S. Postal Service zip codes.

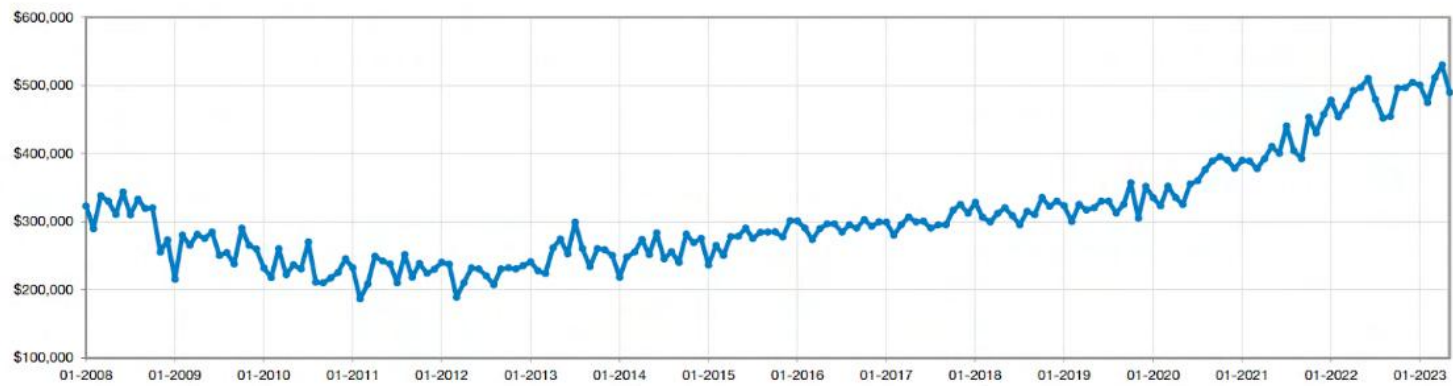
The Hilton Head Area REALTORS 2022 Year-end Market Trend Analysis indicated a significant increase in ownership housing costs on the Island in both single family attached and detached from 2021, and an even greater increase over the last five months of 2023.

The accompanying charts show these increases. From 2021 to 2022, the overall median sales price increased 18.3 percent to \$485,000 for the year. Detached home prices were up 15.0 percent compared to last year, and attached home prices were up 20.0 percent.



2022 Year-End Report Hilton Head Island Housing Market Report

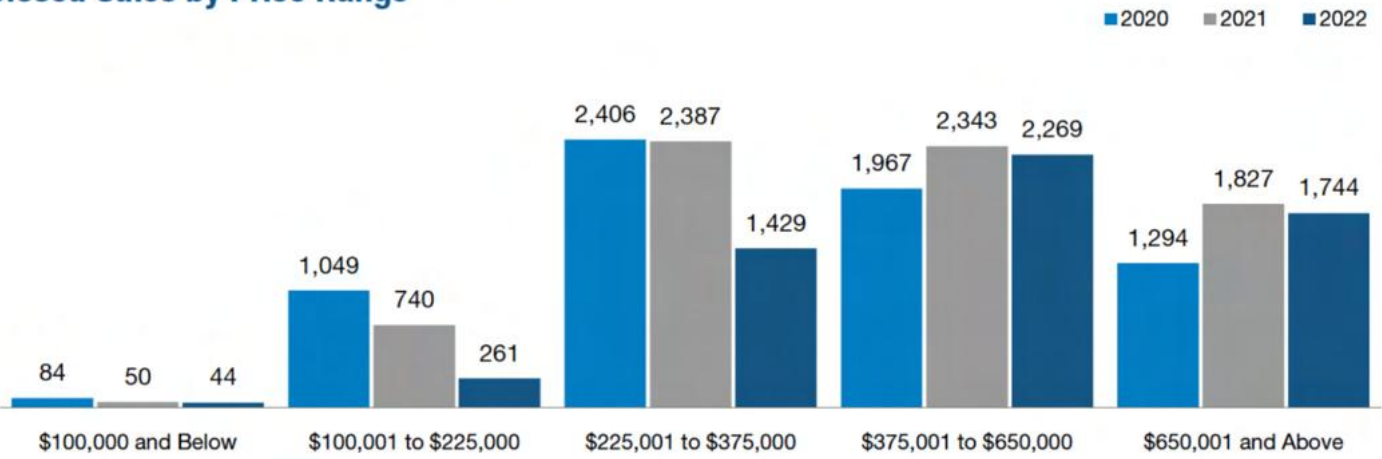
Historical Median Sales Price by Month



In addition, the number of housing units closed below \$225,000 has declined significantly over the last few years showing a huge loss in affordable inventory.

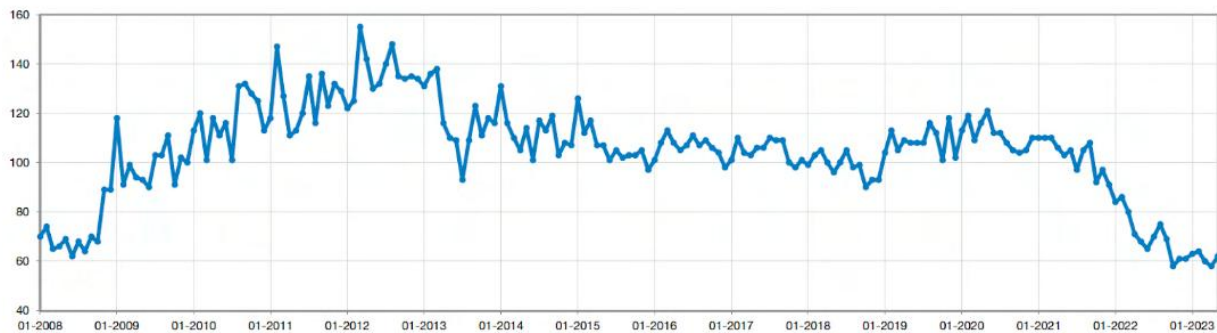
(See Sales closed by Price Range Chart below)

Closed Sales by Price Range



Recent data from May 2023 indicated historical housing affordability continuing to decline significantly on the Island. The chart below shows a continual trend as housing becomes less affordable based on average incomes on the Island. The lower the number the less affordable the community. Homeownership keeps getting tougher for potential buyers as average 30-year home-mortgage rates in the U.S. have risen from 3 percent in 2021 to over 7 percent. Those latest price and interest rate hikes, along with other forces, continue to push the typical cost of major ownership expenses up far faster than wages, resulting in declining home affordability.

Historical Housing Affordability Index by Month

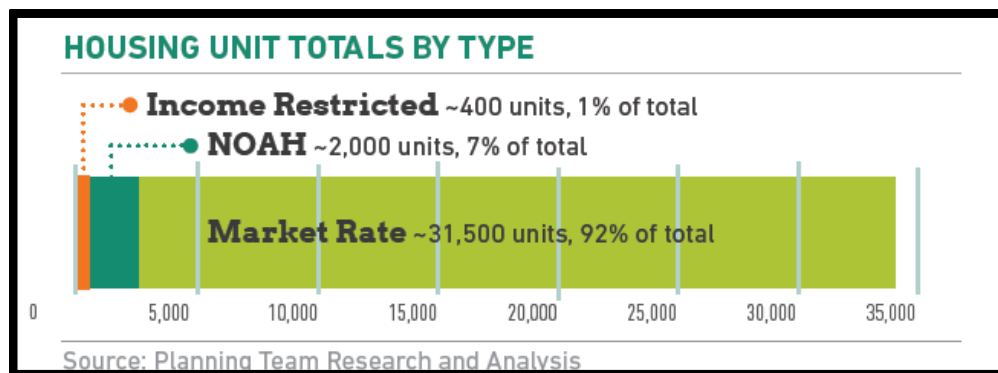


RENTAL MARKET DATA:

These trends are unsustainable to meet the growing demands for workforce housing on the Island. With increased costs in construction, labor, materials, insurance and interest rates, affordability of housing will play a huge role in the future population and workforce on the Island if the Town does not address these growing needs.

Preliminary housing analysis revealed only about 400 “protected” (meaning they are income restricted or deed restricted based on income) affordable housing rental units on the Island and about 2,000 “naturally occurring affordable housing” (NOAH) rental units. NOAH units are not income restricted or protected by income related deed restrictions; therefore, they are not protected from the possibility of large-scale rental hikes or future redevelopment into luxury or short -term rentals.

Many of these historically affordable housing units are at the greatest risk of being redeveloped into to higher end housing as the overall rental housing supply continues to remain low of the Island. Building permit data indicated only two multifamily rental communities have been built on the Island in the last 20 years both of which are market rate communities. Over the last decade, average monthly rents grew by almost 40%.



HOUSING MARKET CONDITIONS



Housing Impact Analysis

Factors in Housing Market Cost:

Although the South Carolina population continues to have strong population growth, building has not kept up with the growth. **The 2023 Palmetto State Housing Study** published by SC State Housing indicated that a decade of underbuilding has culminated in a shortage of housing inventory. South Carolina’s population has grown steadily at an average annual rate of roughly 1.2% from 2002 to 2021 (compared to 0.8% for the overall US), yet the average annual growth rate in the number of new housing permits in South Carolina dropped by nearly half after the Great Recession of 2008. The decline includes both single and multi-family housing, therefore creating gaps in the supply and demand for housing and escalating the cost of housing due to the shortage of supply. **The lack of housing inventory in South Carolina is especially pronounced among lower price points.**

Although a lack of demand in the immediate aftermath of the Great Recession helped temporarily increase the availability of entry-level homes, **the number of homes sold in South Carolina for less than \$100,000 has decreased by 14.8 percent each year since 2014.”** (2023 Palmetto Study) The decrease in supply is most pronounced in coastal regions of South Carolina. **In 2022, the percentage of homes sold in South Carolina for under \$100,000 fell below 5 percent for the first time.**

Figure 6 – S.C. Multi-Family Housing Permits vs. Pop. Growth

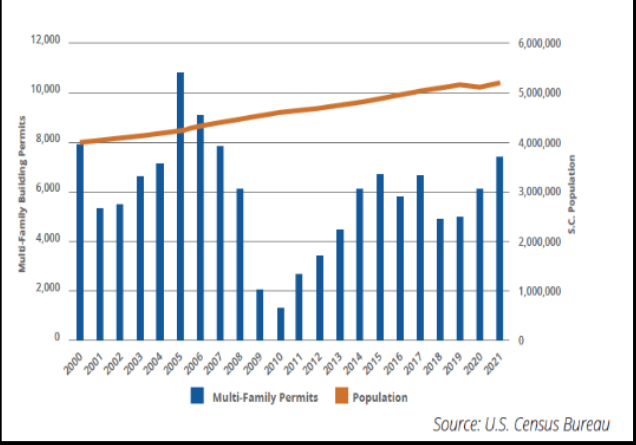
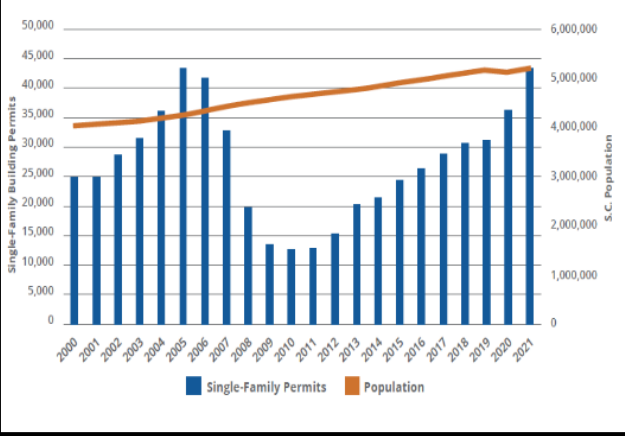


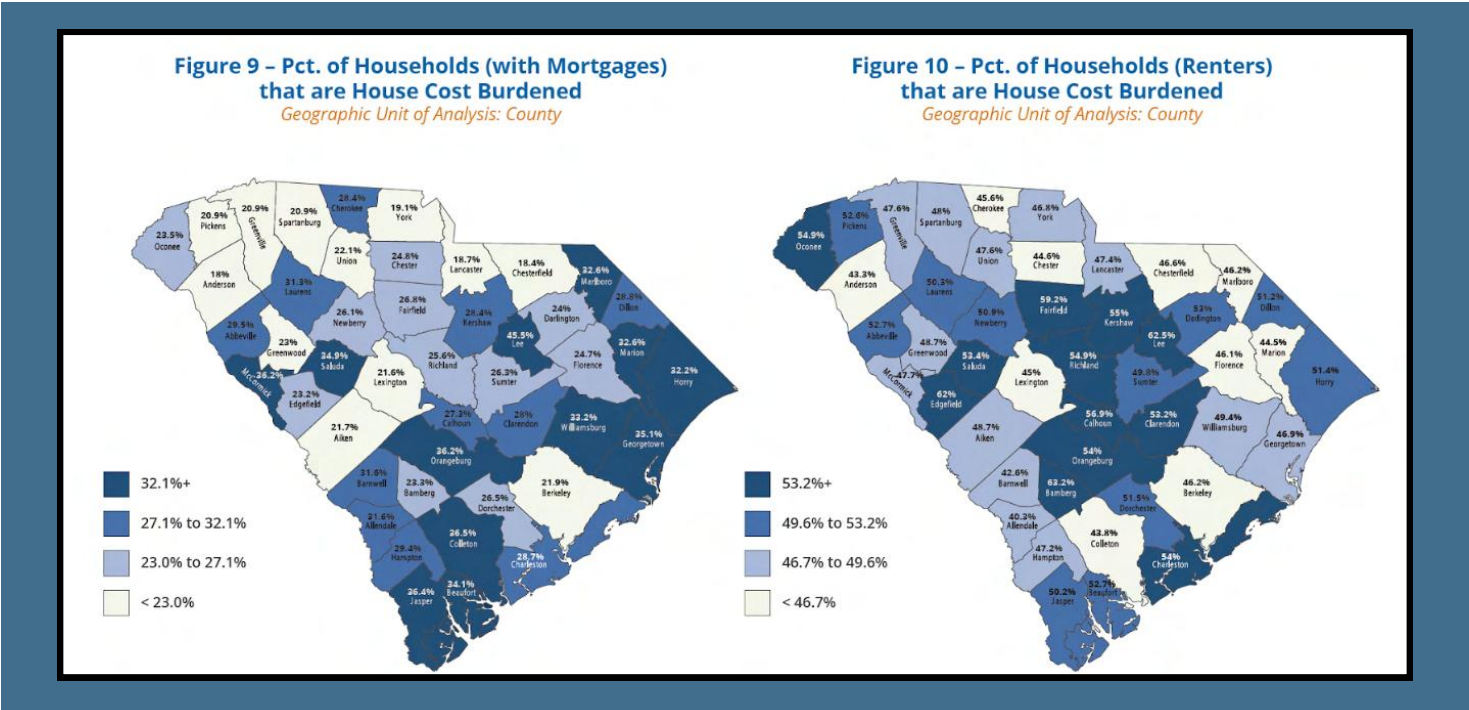
Figure 5 – S.C. Single-Family Housing Permits vs. Pop. Growth



The 2023 Palmetto Housing Study, as shown in the charts below, reveals that South Carolina’s housing market is imbalanced due to high demand and low inventory levels. This imbalance has resulted in affordability challenges for many South Carolinians.

Housing affordability is usually measured by examining the extent to which families are considered to be housing cost burdened. **The U.S. Department of Housing and Urban Development (HUD) defines a cost burdened household as one that pays more than 30 percent of its income for housing.**

By this measure, approximately 50 percent of renting households and 25 percent of households with a mortgage are housing cost burdened in South Carolina. Examining housing cost burdens by county reveals that renters are most likely to be cost burdened in the Midlands and coastal regions of South Carolina. By contrast, households with mortgages are most likely to be cost burdened in the Pee Dee and coastal regions, as shown in **Figures 9 and 10. On average, housing cost burdens across the state are higher for renters than they are for households with mortgages.**



HOUSING MARKET CONDITIONS

CONTINUED

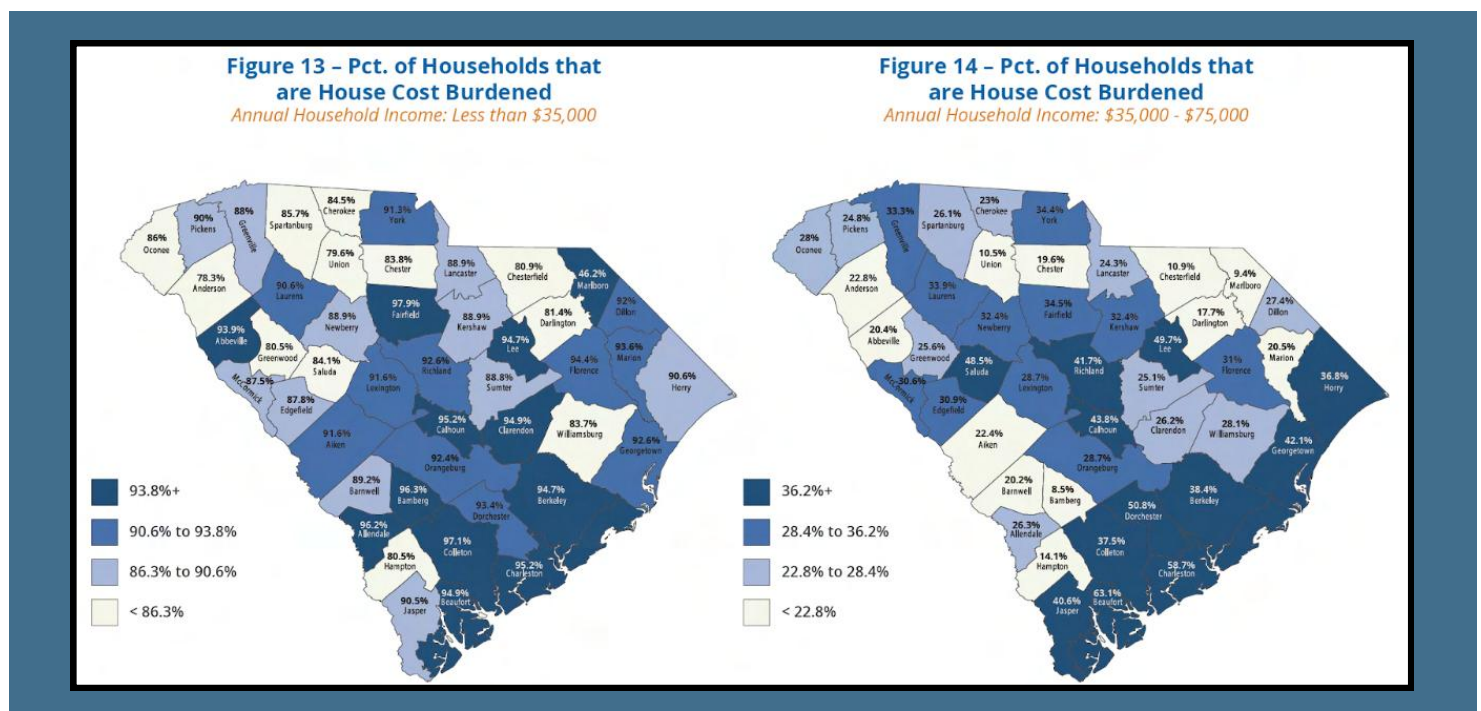


Housing affordability is often considered to be a challenge that is either mostly or exclusively concentrated among households with lower income. Approximately 90% of South Carolina's lower income households, defined as those earning less than \$35,000 annually are estimated to be housing cost burdened based on the 2023 Palmetto Housing Study.

However, in South Carolina there is also a significant population base of middle-income households that also face affordability challenges. Specifically, this study estimates that more than one-third (34.5%) of households earning between \$35,000 and \$75,000 annually are also housing cost burdened by traditional measures.

Existing statewide workforce housing initiatives are often designed for this population.

The cost burden of this segment of the population is especially high in coastal South Carolina as shown in Figures 13 and 14. The data demonstrates that while housing affordability is nearly a universal challenge for lower-income households, it is also a significant strain on working-class families. **Policies directed at improving housing affordability should also include attainable housing programs and new inventory for middle-income families.** Individuals in these households are often employed as teachers, first responders, and health care support workers.



For Homeownership:

- **The average salary in Hilton Head Island is \$68,437.**
- **The median home cost in Hilton Head Island is \$724,900**

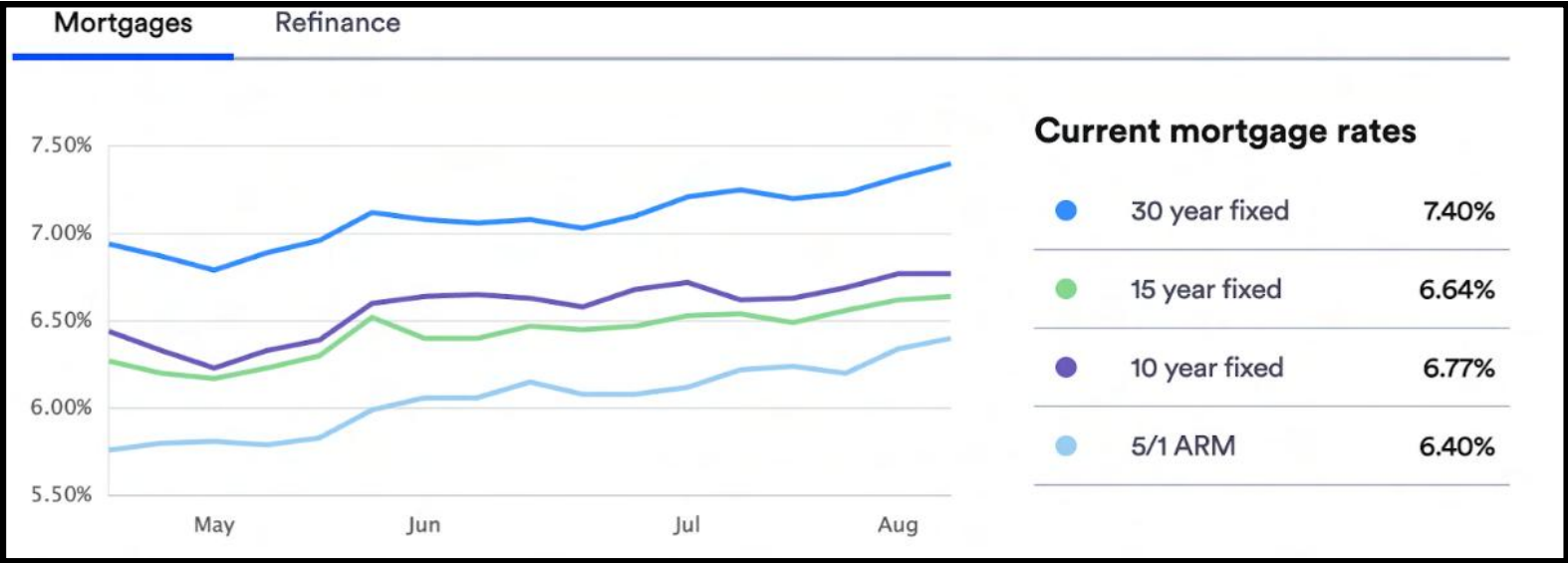
Based on the US Department of Housing and Urban Development (HUD) rule of thumb for defining “affordability,” a household should spend **no more than 3 times** their annual salary for their housing cost for ownership and **no more than 30% of household income** on rental housing. Based on the above-mentioned average salary in Hilton Head Island, **\$205,311** would be the maximum “affordable” home for a family in the Town of Hilton Head Island. Over \$500,000 less than the median priced homes on the Island.

Escalating real estate costs are not the only barrier to homeownership. Increased mortgage rates continue to limit affordable home buying opportunities for families. Since August 2023, interest rates have risen to as high as 8% depending on the loan type, the amount of down payment provided and also takes into consideration a varying credit score between 580-800. These variables make home buying more difficult for lower income households that have limited downpayment and may have lower credit scores.

For example depending on these variables, a **\$200,000 home** could cost a household anywhere between **\$1,222- \$1,444/month**. The lower monthly payment would be a VA or FHA type loan. This scenario also considers a 3% down payment and a credit score of 780. This monthly estimate does not include insurance, taxes, or any HOA fees.



The below chart shows a snapshot of mortgage rate options nationally for single family purchases.

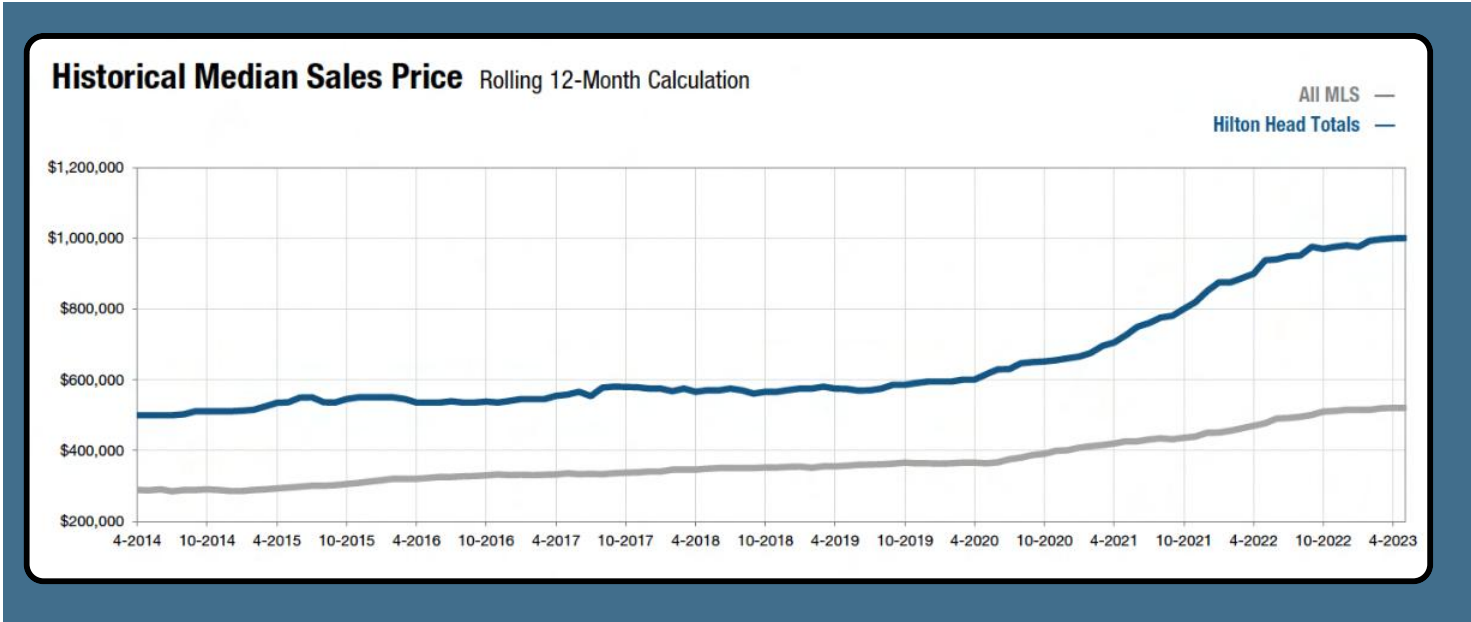


In a recent interview with the Hilton Head Area REALTORS, CEO, Jean Beck, indicated that there have been double digit increases in housing costs in both attached and detached housing. In 2018-2019 there was 26 month's worth of inventory, all of which has been sold.

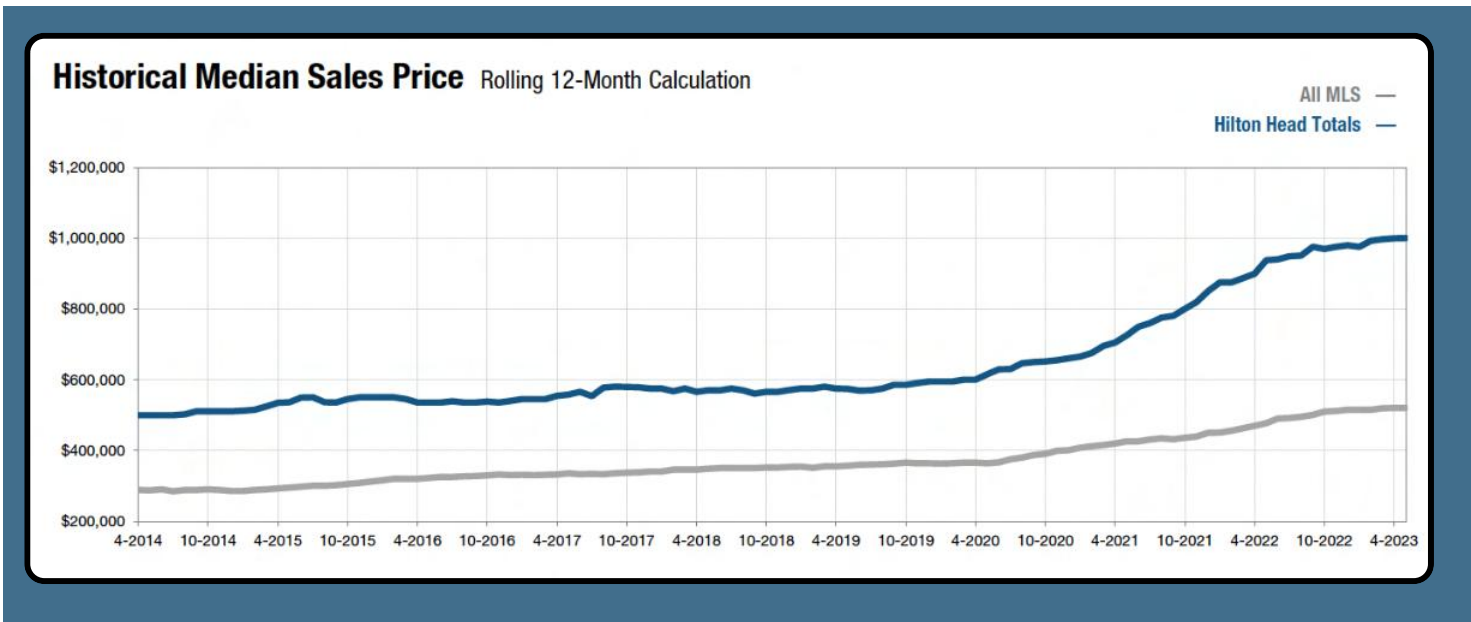
There are currently only 2 month's worth of inventory on the Island. The reports on the next page show almost double digit increases in all housing sectors from 2020 to 2023. From \$600,000 for detached single family homes to over \$1M and \$350,000 to over \$600,000 in attached (condo/villa) homes.



All Hilton Head Island Detached (Single Family Home)



All Hilton Head Island Attached (Condo/Villa)



HOUSING MARKET CONDITIONS

CONTINUED



The Market Reports on the previous pages from May 2023 shows year over year for Attached (Condo/Villas) and Detached (Single Family Homes) and include all Hilton Head Island properties. 70% of land on Hilton Head Island is located within a Planned Unit Development (PUD) limiting the amount of available and eligible land that could be used to support the demand for workforce housing.

Of the 30% of land outside of the PUD's, there is limited developable land due to various conservation easements, environmentally protected areas, wetland areas and tidal marsh.

The Hilton Head Area REALTORS 2023 General Reports includes listings and sales not included in housing units that are located within gated communities, in a PUD or in an established designated area or community, which would most likely be areas in which new workforce housing would be built. The charts on the following page show those area changes year over year.



The following General listings are NOT located in a PUD.

HH General

Detached Homes Only

	May			Year to Date		
Key Metrics	2022	2023	Percent Change	2022	2023	Percent Change
New Listings	20	22	+ 10.0%	86	51	- 40.7%
Closed Sales	17	8	- 52.9%	70	23	- 67.1%
Median Sales Price*	\$635,000	\$649,500	+ 2.3%	\$580,000	\$615,950	+ 6.2%
Percent of List Price Received*	99.5%	98.4%	- 1.1%	100.2%	98.0%	- 2.2%
Days on Market Until Sale	100	73	- 27.3%	98	70	- 28.6%
Inventory of Homes for Sale	27	32	+ 18.5%	--	--	--

* Does not account for sale concessions and/or downpayment assistance. † Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.

HH General

Condos / Villas Only

	May			Year to Date		
Key Metrics	2022	2023	Percent Change	2022	2023	Percent Change
New Listings	44	29	- 34.1%	187	137	- 26.7%
Closed Sales	21	26	+ 23.8%	173	117	- 32.4%
Median Sales Price*	\$295,000	\$262,522	- 11.0%	\$280,000	\$292,500	+ 4.5%
Percent of List Price Received*	100.9%	97.9%	- 2.9%	100.0%	97.2%	- 2.8%
Days on Market Until Sale	57	56	- 2.2%	76	80	+ 5.0%
Inventory of Homes for Sale	42	37	- 11.9%	--	--	--

* Does not account for sale concessions and/or downpayment assistance. † Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.

In addition to the limited land available to build new developments and the low inventory of existing housing units impacting the overall availability of affordable housing on the Island, increased cost in wind and flood insurance are also impacting overall households costs. In some cases, insurance costs have doubled for residential and commercial properties, pricing people out of their homes. For the rental market, insurance premiums are passed along to renters by apartment owners therefore increasing the cost of rent for many families on the Island, while incomes have not kept up with housing costs.

In some cases, rental property owners have converted their "previously affordable" rental properties into higher cost luxury apartments or short-term rentals, taking them out of the affordable housing inventory.

In addition to these accelerating housing costs along with low inventory, a recent 4 millage increase in property taxes for the school district will most dramatically impact properties that are already at a 6% tax rate. These increases are typically passed along to the end renters. Although the Town of Hilton Head Island recently reduced the millage rate for the Town, they do not have control over the school district increases.



Market Research and the Cost of Housing:

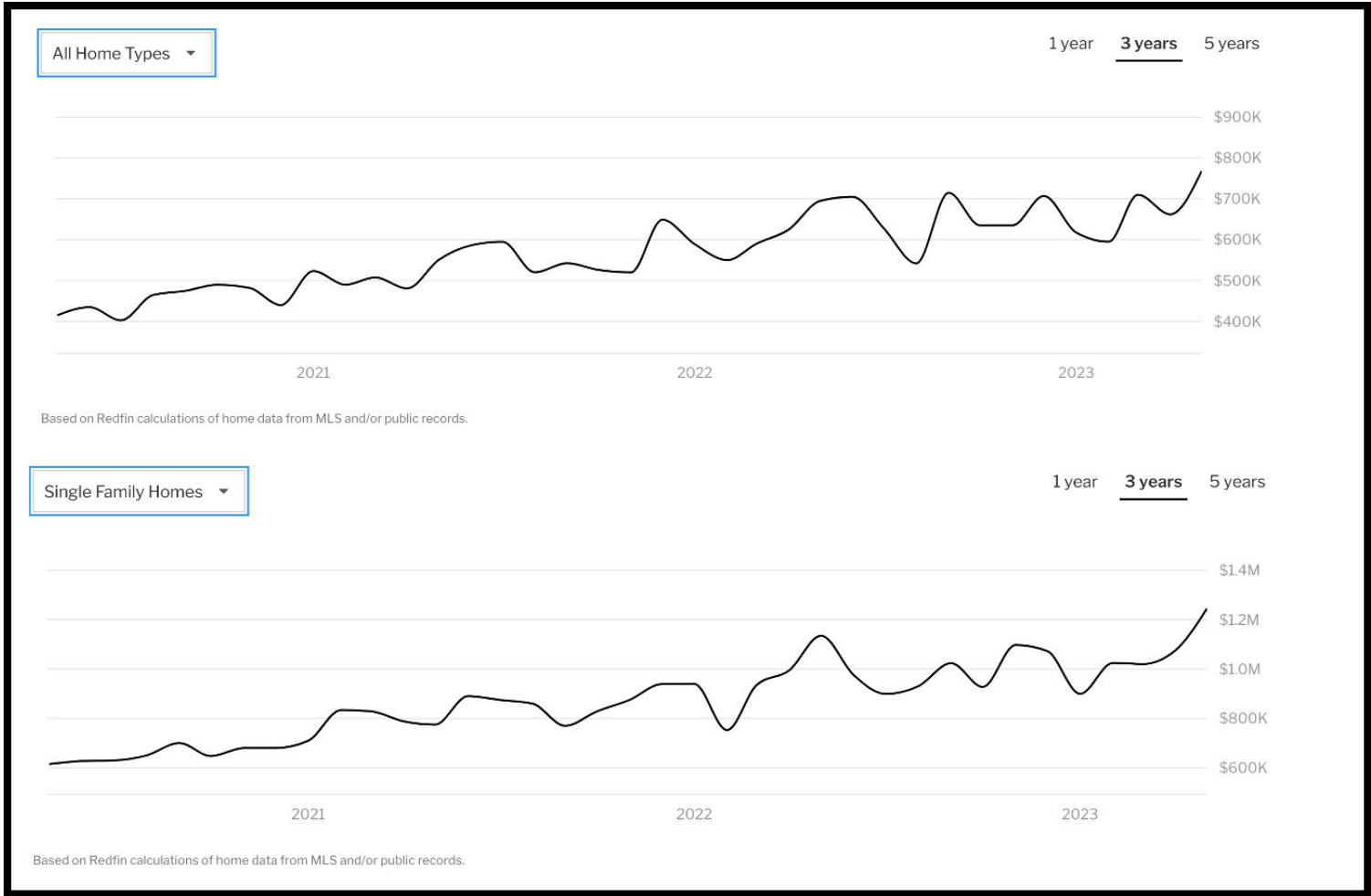
In May 2023, Hilton Head Island home prices were up 10.5% compared to last year, selling for a median price of \$768K. On average, homes in Hilton Head Island sell after 20 days on the market compared to 48 days last year. There were 176 homes sold in May this year, down from 185 last year. (*Redfin.com*)

Hilton Head Island is significantly higher compared to other South Carolina cities.

Location	Median Price	% Change from 2022 to 2023
Hilton Head Island	\$768,000	+10.5%
Charleston	\$563,500	+10.7%
Beaufort	\$390,000	+12.4%
Myrtle Beach	\$325,000	+10.6%
Greenville	\$377,500	-10.1%
Charlotte MSA	\$410,000	+1.5%

Based on recent data pulled from Redfin calculations of home data from MLS listings and public records the following charts show the continued rise in housing cost over the last 3-year. The Charts include 1) All Home Types listed (villas, condos, townhomes and detached) and 2) Single Family Homes separately.

The chart below shows overall housing types (condos, townhomes and single-family ownership) showing a trend of almost doubling the median sale price from 2020 to 2023. If we just look at single family homes, the median home price is over \$1M.



The overall cost of living in Hilton Head Island is 7% higher than the National average.

CONSTRUCTION AND DEVELOPMENT COSTS

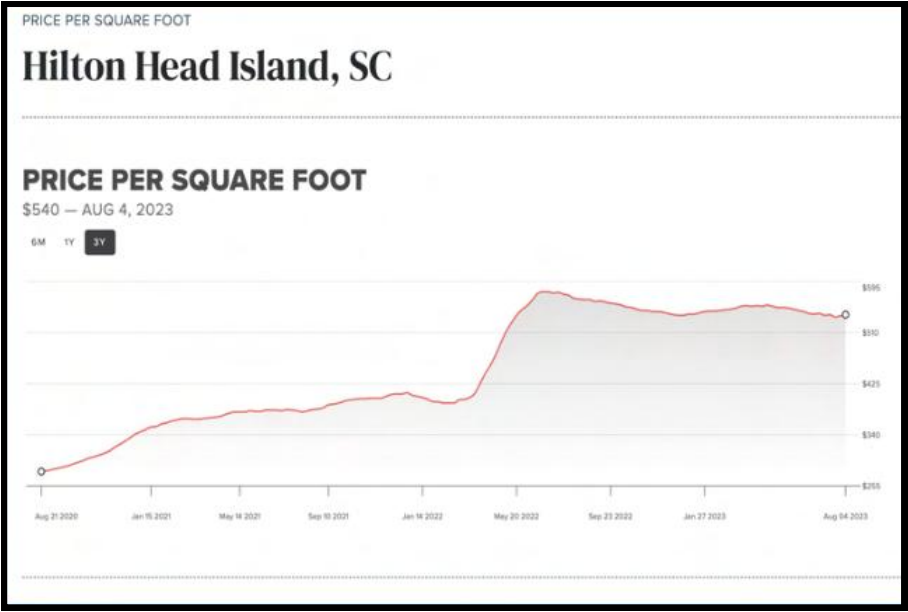


Ownership Market Costs

Construction costs have significantly increased the cost of housing on the Island over the past few years. As of June 2023, single family homes were selling on average for \$1.7M with about 100 days on market. The average price per square foot was \$541. Rate.com research indicated over \$261 per square foot increase from \$279/square foot to \$540/square foot from August 2021 to August 2023. For a 1,000 square foot house, this means the construction cost has risen from \$279,000 to \$540,000, not accounting for land, fees, insurance, and taxes.

Townhomes and condos sold on average for \$495,000 and spent 86 days on the market. The average price per square foot was \$542. As of June 2023, the median home price was \$454,300 and the median rent was \$1,330.

Based on these home averages, an employee on the Island would need to earn close to \$100,000 to afford a \$500,000 home. In August 2023, BankRate.com indicated to afford a \$500,000 house, you need to make a minimum of \$91,008 a year — and probably more to make sure you’re not house-poor and can afford day-to-day expenses, maintenance, HOA, taxes, and other debt, like student loans or car payments. One good guideline to follow is not to spend more than 30 percent of your income on housing.



Limited housing options within these price points make it difficult for working families to find affordable housing for both ownership and rent. Increases in short term rental on the Island has also impacted available inventory options. Around 7,000 units are actively permitted as short term rental.

HOUSING BY PRODUCT TYPE



Source: US Census Bureau

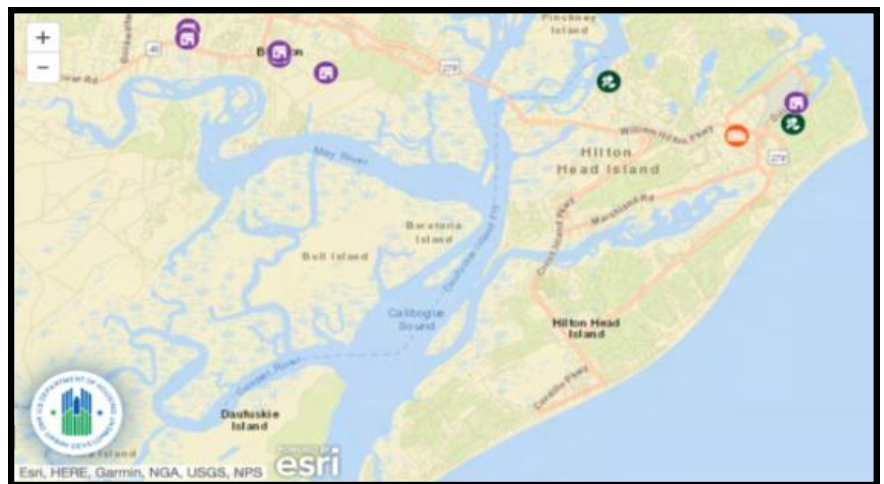
CONSTRUCTION AND DEVELOPMENT COSTS

Rental Market Costs

There is limited affordable inventory available on the Island to support workforce housing needs. Based on recent research on Apartments.com there was only one apartment listed for rent on the Island below \$1,450/month, a studio apartment. Other available apartments were in Bluffton.



There were only two properties that are listed on the HUD website as considered subsidized “affordable housing” on the Island. As mentioned earlier, there has been very limited apartment developments on Hilton Head Island over the past two decades. A 2022 market study for an apartment development in Bluffton, just over the bridge from the Island, indicates escalating rental prices across the region.



In a market study, conducted by RPRG for a proposed tax credit project in Bluffton, indicated market rents for: One-bedroom were on average \$1,608 per month. The average one-bedroom unit size was 735 square feet resulting in a net rent per square foot of \$2.19. Two-bedroom unit rents average \$1,747 per month. The average two-bedroom unit was 1,052 square feet resulting in a net rent per square foot of \$1.66.

CONSTRUCTION AND DEVELOPMENT COSTS



A recent rental development proposed for the Beaufort area (not on the Island) that would produce about 100 units of multifamily rental housing for households with income below 60% of the area median income, estimated total development costs (without land cost) would be over \$17M, approximately \$172,000/per unit. Depending on the project design requirements and number of units allowed based on zoning, a recent 3-story, 24 unit garden style apartment development cost approximately, \$145/square foot to build (not including land). Another project recently completed cost over \$213/square foot, approximately \$272,000/unit. All these examples are located in Bluffton or Oaktie area but highlights overall escalating construction and labor costs in the region without even including specific land costs.

Developers interviewed indicated land cost in southern Beaufort can be as much \$25,000/door or apartment in areas like Hilton Head Island where available, however developable land is extremely scarce. Other fees such as permit fees for the Town of Hilton Head Island and Beaufort County impact fees (water and sewer etc.) can also increase per unit cost to over \$3,000/unit. Parking requirements and site restrictions including setbacks, lot size requirements and lower densities allowed can significantly impact the cost of development. One multifamily developer interviewed indicated that as much as \$50/square per unit could be added to the costs of a project based on some of these limitations. For example, the need for podium parking (parking under the building structure) can increase the cost of a 100-unit development by as much as 18% in development costs. Design flexibility and developer incentives will be also important to implement as the Town looks to address it workforce housing needs, in addition to financing to support projects funding needs.



CONSTRUCTION AND DEVELOPMENT COSTS

Land Costs:

Land costs are extremely high on Hilton Head Island due to limited amount of land available on the Island. Over 70% of the land is in a planned unit development (PUD), minimizing the availability of land for affordable developments even further. For example, a recent search on Land Watch for vacant lots for sale on the Island showed one .11 acre lot in the Mid-Island area for \$359,000.



Recent property acquisitions by the Town indicates average land costs anywhere between \$500,000 and \$1M per acre including the Town's acquisition of 71 Shelter Cove Lane. The recent acquisition the old Wild Wings property was \$4M for 1.8 acres. Although the Town is making aggressive steps to acquire property for future development opportunities these opportunities are extremely scarce due to the overall limits on available land.

Land Management Ordinance (LMO):

In addition to land acquisition strategies that support workforce housing, the Town is also in the process of updating its Land Management Ordinance (LMO) as part of it's Comprehensive Plan update which will include a variety of planning and zoning tools that would encourage and incentive private developers to participate in building workforce housing. The Town already offers a density bonus for developers who include a percentage of workforce housing in larger developments. The Town also has a Commercial Conversion ordinance to support converting under-utilized retail or commercial space into workforce housing.

The Town has made workforce housing a priority as a part of the Housing Element within Our Plan (Town's Comprehensive Plan) and is currently planning on revisions to the LMO to ensure changes and adjustments will support workforce housing efforts.



CONSTRUCTION AND DEVELOPMENT COSTS



Development Fees:

Although development fees can vary depending on the type of development, the size and the location, these fees can add significant costs to the overall development of both single family and multifamily projects. For example, on Hilton Head Island, assuming a \$20M development with approximately 50 dwelling units, each unit about 2,500 sq. ft on 2 acres, the Town's fees could be as much as \$360,927 and does not include planning fees. This cost includes the demolition of an existing building and a pool. That is approximately, \$7,218.55 per unit in development fees. As part of the Town's Workforce Housing program the Town will be evaluating these fees as it relates to developing workforce housing. The reality is many of these fees are necessary to pay for the staffing and support needed to manage the development process. Also some of these impact and development fees are not controlled by the Town and are required to be paid based on state law and county requirements. This does include \$177,350 in impact fees to Beaufort County.

Insurance:

Dramatically rising insurance costs have hit owners, operators, and developers of rental housing hard in recent years. And in an environment of slower rent growth and rising interest rates, these costs have become increasingly tough for many rental housing providers to shoulder. As a result, many firms are in the difficult position of choosing whether to absorb the higher costs, knowing it means less reinvestment in other areas of their businesses or higher rents for residents, or find ways to scale back policies to mitigate the costs, raising their risk exposure. Continued uncertainty around costs and greater risk burdens creates negative repercussions for multifamily investment and development at a time when more housing is needed to meet an array of growing demand. Government policies intended to tackle the nation's housing shortage and address affordability challenges need to account for the structural problems in today's insurance markets.

A June 2023 article in the Island Packet indicated some insurance costs have increased by 500% from 2022. Several insurance policies for Island properties have doubled or tripled in the past two years.



CONSTRUCTION AND DEVELOPMENT COSTS

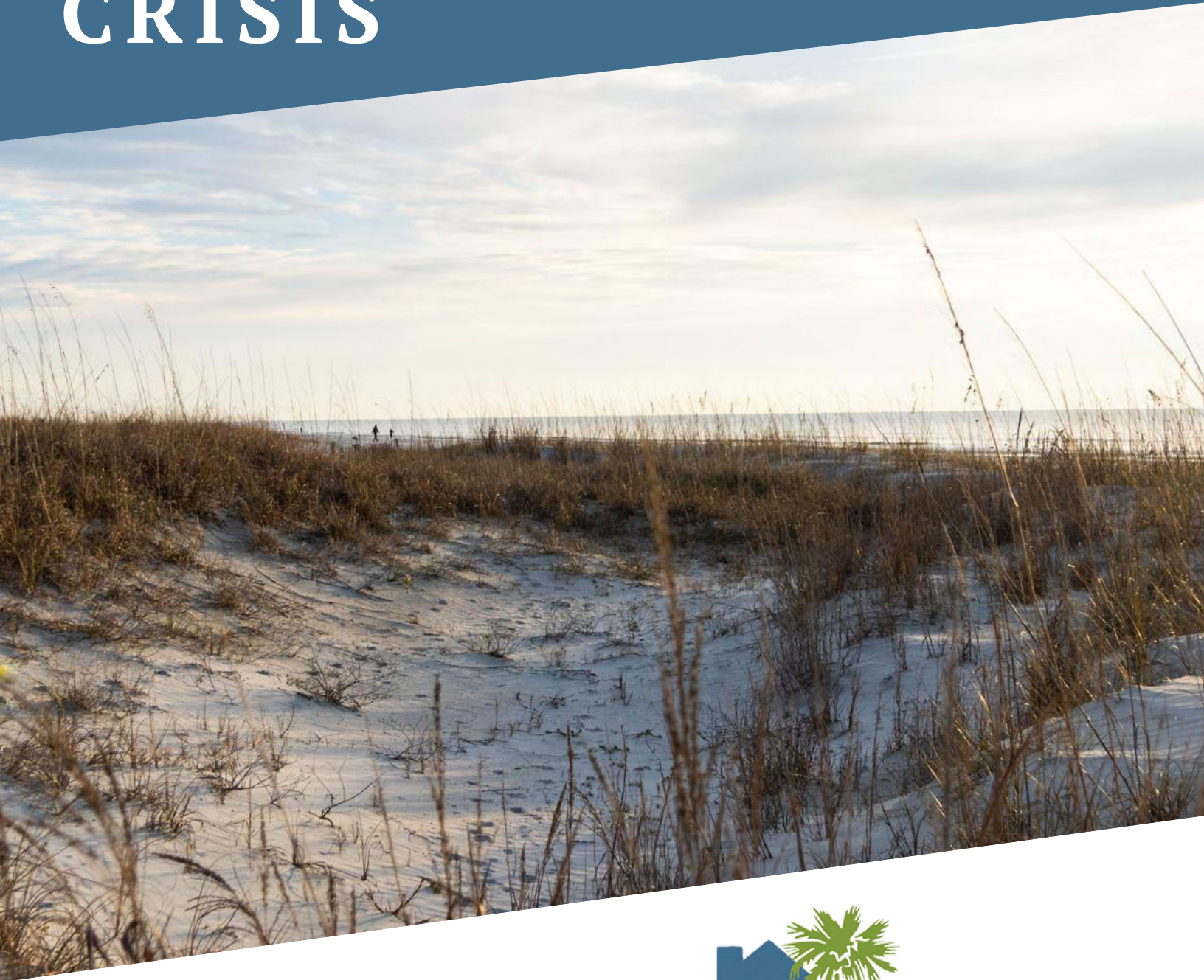


In the same Island Packet article, one homeowner in Sea Side Villas, indicated the master building insurance policy went from \$115,223 to \$690,000. Although this example is on the high side, condos owners across Beaufort County are seeing increases, according to several property management companies. Condos tend to be less expensive than single-family homes on the Island, so these increases largely impact more affordable housing options on the Island.

The Island Packet indicated in this same article, in May 2023, the average price of a condo on the island was \$452,500, less than half of the \$1,255,000 average home price, according to Hilton Head Area REALTORS market reports. For those with a smaller budget, looking to rent to make extra money or hoping to downsize, condos provide the opportunity to purchase property in a destination location. Not to mention owners aren't responsible for outside maintenance. Now, increasing insurance rates are adding thousands of dollars each year to the relatively cost-conscious option.



SOLVING THE ISLAND'S HOUSING CRISIS



Housing Impact Analysis

SOLVING THE ISLAND'S HOUSING CRISIS



Over the past five years, Town Council has made affordable workforce housing a number one priority for the future of the Island, recognizing the critical need to produce and preserve diverse housing options that can meet the workforce and community needs. In the Town of Hilton Head Island, over 69% of jobs are filled by non-locals, a 26% increase since 2002.

This trend is making it more difficult for sustainable economic growth as the Island's workforce is traveling through similarly paying and more proximate job centers on their way to work on the Island, causing even greater competition for labor on the Island. Increased regional competition for workers and the rising housing costs on the Island will continue to exacerbate the ability to attract and maintain a sustainable workforce on the Island. Additionally, the direct effect this level of daily commuters to and from the Island will have long term impacts on the overall community's quality of life due to increased traffic and infrastructure needs.

The Town is committed to solving its workforce housing challenges by supporting sustainable job growth opportunities and also by focusing on the preservation and production of diverse affordable housing options that meet the workforce needs. Maintaining tourism related employment and employees are core focus as part the Town's strategy.

The Town is unique among peer communities for its year-round population and relatively diverse local economy. Tourism and hospitality, however, drive all major sectors and have set records following the disruption caused by the COVID-19 pandemic.

SOLVING THE ISLAND'S HOUSING CRISIS



According to a 2021 Tourism Impact Report from the Hilton Head Island-Bluffton Chamber of Commerce, visitor expenditures generated a total of \$69.17 million in tax revenue in Hilton Head Island through the accommodations tax, the hospitality tax, and beach preservation fees.

To further support the implementation of the Town's Workforce Housing Framework, and with the adoption of the Housing Impact Analysis as an amendment to the Town's Comprehensive Plan, the Town can utilize up to 15% of its Accommodation Tax (ATAX) to support critical steps and strategies that will increase the production and preservation of workforce housing on the Island. Access to this new eligible source of funding could help leverage the Town's initial \$3.3M already committed to their housing program. The Town recognizes that funding alone cannot solve the workforce housing shortage and has also committed land for additional housing opportunities and has implemented a policy for commercial conversion and density bonus programs to encourage and incentivize developers to provide workforce housing inventory needs.

In addition, the Town will commit full time staff to the program and recently set up a citizen led Housing Action Committee to help provide local expertise and recommendations on new and innovative housing programs.

SOURCES



- The National Low Income Housing Coalition, 2023 Out of Reach, <https://nlihc.org/oor/about>
- The National Housing Conference, 2023 Paycheck to Paycheck, <https://nhc.org/paycheck-to-paycheck/>
- Best Places, Hilton Head Island, SC
https://www.bestplaces.net/jobs/city/south_carolina/hilton_head_island
- Bureau of Labor Statistics, Occupational Employment and Wages in Hilton Head Island- Bluffton- Beaufort, May 2022, https://www.bls.gov/regions/southeast/news-release/occupationalemploymentandwages_hiltonheadisland.htm
- Palmetto State Housing Study, June 30, 2023, prepared by the Darla School of Business, University of South Carolina for South Carolina State Housing Finance, <https://www.schousing.com/home/Palmetto-State-Housing-Study>
- Hilton Head Area REALTORS, May 2023 Market Reports, <https://hhrealtor.com/market-reports/>
- Hilton Head Area Home Builders Association, <https://www.hhahba.com/>
- Town of Hilton Head Island Studies, 2020 Our Plan, 2019 Workforce Housing Strategic Plan, 2022 Workforce Housing Framework, *Finding Home*
- Living Wage Calculator, MIT, <https://livingwage.mit.edu/>
- National Association of Homebuilders, 2023 State of Housing in South Carolina
- Lowcountry Council of Governments, 2022 People and the Economy Report, <https://www.lowcountrycog.org/>
- The Nerd Wallet, <https://www.nerdwallet.com/mortgages/mortgage-calculator/south-carolina> (mortgage rates)
- Rate.com, https://www.rate.com/research/hilton_head_island-sc/price-per-square-foot
- Bankrate.com, <https://www.bankrate.com/real-estate/income-needed-for-500k-home/>

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO. 2024-XX

AN ORDINANCE TO PROVIDE FOR THE ADOPTION OF AN AMENDMENT TO OUR PLAN, THE TOWN OF HILTON HEAD ISLAND 2020-2040 COMPREHENSIVE PLAN TO INCORPORATE A HOUSING IMPACT ANALYSIS; AND TO PROVIDE FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, In May of 2010, Town Council adopted the Town of Hilton Head Island Comprehensive Plan and subsequently in 2012 and 2017 updated the Plan; and

WHEREAS, the Town of Hilton Head Island Comprehensive Plan is required to be updated in accordance with S. C. Code Ann. §§ 6-29-520 and 6-29-530 (Supp. 2023); and

WHEREAS, Town staff, the Our Plan Development Team, and the Planning Commission were asked to rewrite the Comprehensive Plan for the Town of Hilton Head Island; and

WHEREAS, Our Plan, the Town of Hilton Head Island's, 2020 to 2040 Comprehensive Plan was adopted by Town Council October 20, 2020; and

WHEREAS, Our Plan meets the requirements of The Comprehensive Planning Enabling Act of 1994 and its updates; and

WHEREAS, Our Plan includes the following core values: Relentless Pursuit of Excellence, Redefining Environmental Sustainability, Revitalizing and Modernizing the Economy, Fostering an Inclusive Multi-dimensional Community, Building a Connected and Collaborative Community Fabric, Expanding to Embrace an Integrated Regional Focus, and Innovative Approach to Create 'Right-sized' Infrastructure; and

WHEREAS, Our Plan includes the following elements: Cultural Resources, Natural Resources, Population, Housing, Community Facilities, Economic Development, Land Use, Transportation, Recreation, and Priority Investment and adopted appendices; and

WHEREAS, on May 13, 2023, the South Carolina Governor ratified Act 57, allowing a local governing body the ability to utilize up to 15% of their local and state collected Accommodations Tax revenue (ATAX) to support workforce housing efforts; and

WHEREAS, it is a requirement if a local government opts to use ATAX for workforce housing needs, the local government must prepare a Housing Impact Analysis as outlined in S. C. Code Ann. § 6-4-12 (Supp. 2023) prior to second reading of the ordinance amending the Comprehensive Plan; and

WHEREAS, S. C. Code Ann. § 6-4-12(F)(Supp. 2023) requires that the local government provide the Housing Impact Analysis to the members of the legislative body of the local government, the Department of Revenue, and the Tourism Expenditure Revenue Committee before the ordinance is considered by the legislative body, the Housing Impact Analysis was sent to the aforementioned bodies on January 22, 2024; and

WHEREAS, S. C. Code Ann. § 6-4-5 (Supp. 2023) and S. C. Code Ann. 6-4-12 (Supp. 2023) require the local government's Housing Impact Analysis to be adopted as an amendment to the Housing Element of the local government's approved Comprehensive Plan; and

WHEREAS, Act 57 amends S. C. Code Ann. § 6-29-510(D)(6) (Supp. 2023), pertaining to the development of a local Government's Comprehensive Plan to read "the planning commission must solicit input for this analysis from homebuilders, developers, contractors, and housing finance experts when developing this element", and;

WHEREAS, on December 13, 2023, the Housing Action Committee reviewed the Housing Impact Analysis and by a unanimous vote recommended the Housing Impact Analysis for approval to Town Council; and

WHEREAS, on January 17, 2024, the Planning Commission conducted a Public Hearing to consider the Housing Impact Analysis as an amendment to the Town's Comprehensive Plan Housing Element, and by a unanimous vote recommended for approval to Town Council; and

WHEREAS, on February 8, 2024, the Public Planning Committee considered an Ordinance to amend the Town's Comprehensive Plan to incorporate the Housing Impact Analysis and by a 3-1 vote recommended approval to Town Council; and

WHEREAS, Town Council finds that it is in the best interest of the Town and its citizens and residents to adopt the Housing Impact Analysis as an amendment to the Housing Element of the Town of Hilton Head Island's 2020 to 2040 Comprehensive Plan;

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED
BY THE TOWN COUNCIL OF THE TOWN OF HILTON
HEAD ISLAND, SC; AND IT IS ORDAINED BY SAID**

AUTHORITY OF THE SAID COUNCIL:

Section 1. Adoption: The Town Housing Impact Analysis as an amendment to Our Plan, the Town of Hilton Head Island 2020 to 2040 Comprehensive Plan, attached hereto as Exhibit A is hereby adopted pursuant to Article 2 of Chapter 1 of Title 16 (adopted July 21, 1998) of the Municipal Code of the Town of Hilton Head Island, South Carolina (1983) and S. C. Code Ann. §§Sections 6-29-510, 6-29-529, and 6-29-530 (Supp. 2023).

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 if the remaining portion thereof.

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

Passed, approved, and adopted, by the Town Council of the Town of Hilton Head Island this _____ day of _____ 2024.

Alan R. Perry, Mayor

ATTEST:

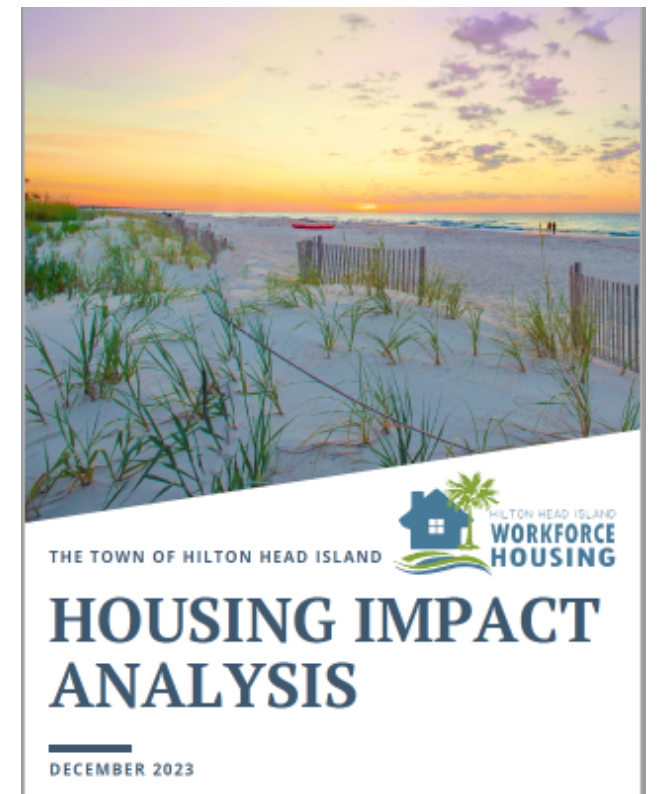
Kimberly Gammon, Town Clerk

First Reading: _____

Second Reading: _____

Approved as to form: _____
Curtis L. Coltrane, Town Attorney

Introduced by Council Member: _____

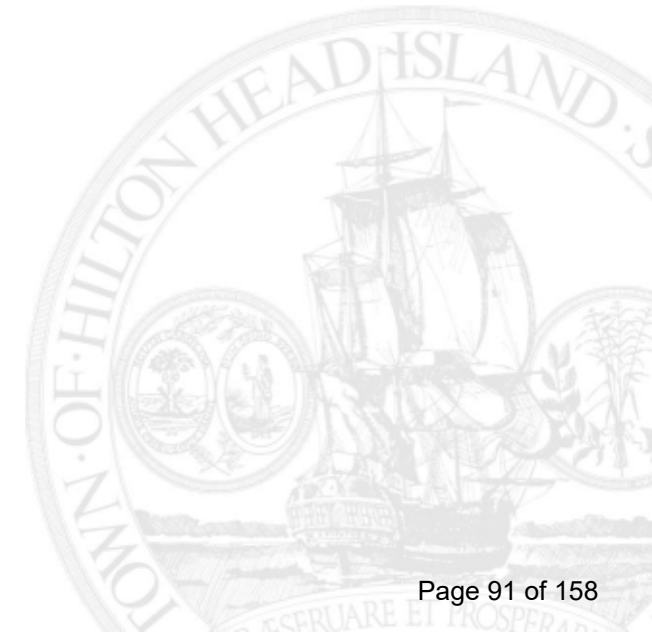


Consideration of an Ordinance to Amend the Town of Hilton Head Island Comprehensive Plan to Incorporate a Housing Impact Analysis

*Town Council (Second Reading)
March 19, 2024*

Public Review Timeline

- November 27, 2023: Housing Action Committee Review
- December 13, 2023: Housing Action Committee Recommendation of Approval
- December 17, 2023: Legal ad posting
- January 17, 2024: Planning Commission Public Hearing and Recommendation of Approval
- February 8, 2024: Public Planning Committee and Recommendation of Approval
- February 20, 2024: Town Council Brief
- March 5, 2024: Town Council 1st Reading
- March 19, 2024: Town Council 2nd Reading



Background

- In 2023, SC General Assembly passed Act 57 allowing Accommodations Tax Revenue (ATAX) to support the development of workforce housing.
- Act 57 allows local governments to utilize a portion of its state or local accommodations taxes, or both, to be utilized in the development of qualified workforce housing as a tourism related expenditure.
- Act 57 requires that a local government entity that wants to utilize state ATAX revenue for workforce housing must complete and adopt a Housing Impact Analysis (HIA).
- Expenditures of both state and local ATAX are capped at fifteen percent (15%) of the local government's annual collections.
- The provisions of the Act are no longer effective after December 31, 2030.
- A HIA must be completed prior to second reading of an Ordinance to Town Council for approval.
- Town must update (amend) its Comprehensive Plan to include the HIA as a part of its housing element.
- The local government shall provide copies of the HIA to:
 - The Department of Revenue,
 - The Tourism Expenditure Review Committee, and
 - As an ordinance to the members of the legislative body of the local government.
 - Staff has confirmed receipt by both agencies above. Both agencies also confirmed that the Town of Hilton Head Island is the first municipality to deliver a Housing Impact Analysis.



Housing Impact Analysis Overview

The Housing Impact Analysis is a point in time analysis which includes the required data and analysis outlined in Act 57. Housing market challenges, costs associated with increased real estate prices, and the cost burden of local employees and families due to area income and housing cost imbalances.

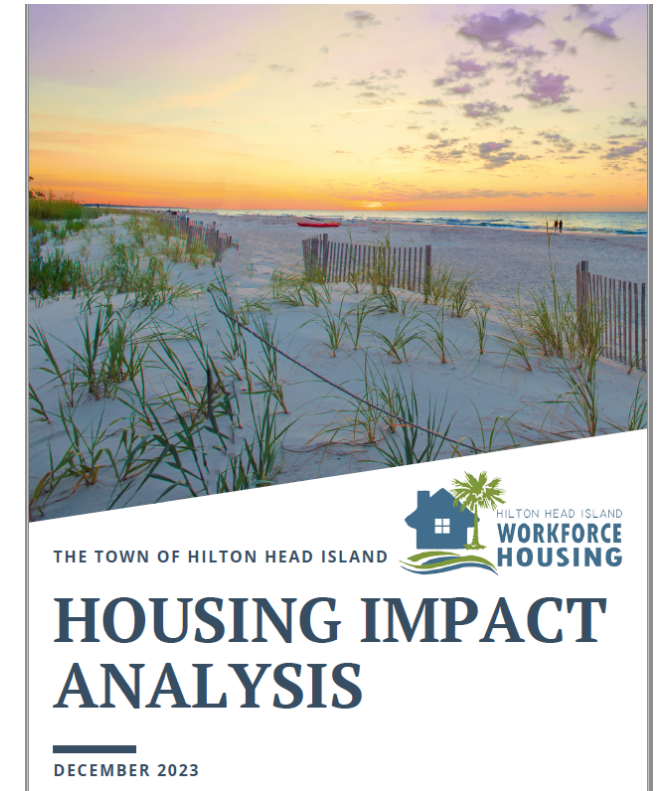
The Town of Hilton Head Island Housing Impact Analysis has five areas of focus:

- 1. Employment Analysis:** Assesses the current job market, growth projections, and employment trends.
- 2. Housing Market Analysis:** Evaluates the broader housing market, examining factors such as housing supply and demand, pricing trends, and market saturation.
- 3. Housing Market Conditions:** Examines current housing availability and affordability for both homeownership and rental units.
- 4. Construction & Development Costs:** Analyzes the costs and barriers associated with building and developing housing affordably.
- 5. Solving the Housing Crisis:** Overview of the Town's Workforce Housing Framework along with the goals associated with the adoption of the HIA to allow for ATAX revenues as a potential funding source to support these strategies.

Recommendation

Consideration of an Ordinance to Amend the Town of Hilton Head Island Comprehensive Plan to Incorporate a Housing Impact Analysis.

Questions?





TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council Members
FROM: Josh Gruber, Deputy Town Manager
CC: Marc Orlando, Town Manager
DATE: March 6, 2024
SUBJECT: Consideration of an Ordinance to Amend Title 8, Chapter 3, of the Town of Hilton Head Island Code of Ordinances, to add Section 8-3-114 entitled Abandoned Watercraft

RECOMMENDATION:

The Town Council is requested to review the proposed Ordinance to amend the Town Code by adding additional provisions related to the abandonment of watercraft within the territorial jurisdiction of the Town of Hilton Head Island. If the Town Council supports taking such actions, it should vote to approve such changes being incorporated into the Town's code.

Summary:

In 2021, the South Carolina General Assembly adopted Section 50-21-30 which states that if a local government wishes to regulate the operation, titling, equipment, numbering, or all other matters relating to the regulation of watercraft while on the waters of the State, it must adopt legislation that is identical to South Carolina Code of Laws Section 50-21-190.

In recent years, the Town has observed an increase in the number of vessels, boats, and other watercraft that are abandoned, severely neglected, or even sunk, and for which it wishes to amend its code to adopt regulation specifically dealing with these types of issues.

Therefore, the Town is proposing to amend the Town Code to incorporate Section 8-3-114 entitled Abandoned Watercraft as required by Section 50-21-30 of the South Carolina Code of Laws. This action will allow the Town to utilize the provisions found within Section 50-21-30 as it works to address issues arising from the abandonment of watercraft of other vessels within the territorial jurisdiction of the Town. A Memorandum outlining this issue in greater detail has been prepared by attorney Mac Deford and is enclosed with this staff report as Attachment 1.

At its meeting on March 5, 2024, the Town Council unanimously voted to approve adoption of the proposed Ordinance.

ATTACHMENTS:

1. Mac Deford Cover Letter
2. Draft Ordinance Amending Town Code by Adding Section 8-3-144, Abandoned Watercraft

PAGLIARINI LAW FIRM, LLC

ATTORNEYS AT LAW

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Daniel Island, SC 29492
Phone: 843-813-4922
Fax: 843-971-8745

October 3, 2023

Josh Gruber, *Deputy Town Manager*
Town of Hilton Head Island
1 Town Center Court
Hilton Head Island, SC 29928

Re: *Proposed Abandoned Boat Ordinance*

Dear Josh,

As you requested, I have researched and prepared this Memo outlining the legal parameters the Town must adhere to when it comes to abandoned watercraft regulation. Additionally, I've prepared a draft ordinance in alignment with state law concerning abandoned vessels.¹ It's also important to highlight that the existing Town ordinance only addresses abandoned vessels found on Town beaches (e.g., not on waterways subject to the Town's jurisdiction).

Issue Presented

Are there any limitations on the Town of Hilton Head Island's ability to pass an ordinance for the regulation of abandoned and derelict vessels on waterways within the Town's corporate limits?

Conclusion

Yes, the South Carolina General Assembly passed S.C. Code Ann. § 50-21-30 in 2021 which narrowed the ability of local governments to pass regulations for the operation, equipment, titling, numbering, and all other matters relating thereto for watercraft and water devices on the waters of the State. Therefore, pursuant to § 50-21-30, a local government may not adopt an ordinance regulating abandoned boats, unless identical to S.C. Code Ann. § 50-21-190.

Discussion

S.C. Code Ann. § 50-21-30(B) states that the "provisions of Title 50 and other applicable laws of this State shall govern the operation, equipment, titling, numbering, and all other matters relating thereto for watercraft and water devices using or held for use on the waters of this State. A local government may not adopt an ordinance regulating watercraft or water devices used or held for use on the waters of this State unless the ordinance is:

¹ For purposes of this Memo, the term "vessel" is analogous with the term "boat."

1. identical to a provision of this chapter;
2. identical to a regulation promulgated under the authority of a provision of this chapter; or
3. authorized pursuant to the provisions of this section.”

§50-21-30(C) specifically permits local governments to “adopt an ordinance requiring a permit for a watercraft or floating structure to remain moored, anchored, or otherwise located in any one five-mile radius on public waters within its local jurisdiction for more than fourteen consecutive days. The cost of a permit required by a local government may not exceed fifteen dollars. An ordinance adopted pursuant to this subsection must not apply to watercraft:

- a. moored to a dock or marina berth with permission from the dock or berth owner;
- b. moored to a mooring buoy that is permitted by the Department of Health and Environmental Control with permission from the buoy owner; or
- c. moored to a mooring buoy with permission from the buoy owner, provided that the buoy is in the location as it existed on public waters on June 30, 2021.”

For the purpose of ordinances adopted pursuant to §50-21-30(C) and notwithstanding the provisions of §5-7-140(B), “the corporate limits of any municipality bordering on the high-water mark of a navigable body of water, other than the Atlantic Ocean, are extended to the center of the channel of the navigable body of water.”

Any SCDNR officer “who reasonably believes that watercraft within a local government's jurisdiction is in violation of an ordinance adopted pursuant to the provisions of this section must provide the location of the watercraft to the local government.” S.C. Code Ann. § 50-21-30(D).

Pursuant to §50-21-30, a local government’s ability to pass an ordinance regulating the operation, equipment, titling, numbering, and all other matters relating thereto for watercraft and water devices is very limited. Any ordinances adopted by the local government must mirror existing state law.

§50-21-190 provides an offense and penalty for abandoning watercraft or outboard motors. Furthermore, §50-21-10 provides for a definition of “abandon”, “abandoned”, “boat”, and “waters of the state”. §50-23-20 provides for titling requirements of watercraft; §50-23-30 provides exemptions to titling; §50-23-55 provides for evidence of ownership of a watercraft; and §50-23-205 provides for the procedures for seizure of watercraft. Therefore, any regulations passed must mirror these state statute provisions.

However, a local government may adopt an ordinance requiring a permit for watercraft of floating structures moored or anchored in public waters.

It is recommended that any regulations passed by the Town of Hilton Head for abandoned boats in public waters mirror the provisions of §50-21-190, contain the same definitions as provided in §50-21-10, and mirror all other provisions contained in Title 50.

Existing Abandoned Boat Regulations from Similar Municipalities

The City of Charleston, Town of Mount Pleasant, City of North Myrtle Beach, and City of Georgetown each have existing regulations which make it unlawful to abandon watercraft and provide penalties for abandoning watercraft. All ordinances are similar to existing state law with the following exceptions:

1. The Town of Mount Pleasant provides a list of expenses that could be incurred by the owner of an abandoned boat for removal of the boat (state law does provide that the owner shall be responsible for expenses associated with the abandoned boat's removal).
2. The Town of Mount Pleasant and City of North Myrtle Beach both provide for a limitation of liability for any damages incurred for removal and storage of an abandoned boat.
3. City of North Myrtle Beach prohibits anchoring and mooring of a vessel, as well as the installation of a mooring buoy, in any public waters for a period of more than 24 hours.
4. City of North Myrtle Beach also provides notice to be posted on the abandoned vessel. The owner has 10 days after the posting of notice to respond, otherwise the boat will be removed.
5. City of North Myrtle Beach and City of Georgetown's penalty is less than what is provided under state law – a fine not exceeding \$500.00 and/or imprisonment for a period not exceeding thirty days.²
6. City of Georgetown's ordinance also allows for permits to be issued for mooring buoys owned and maintained by the City.

Existing Local Regulations in Beaufort and Jasper Counties

Both the City of Beaufort and Town of Port Royal have an ordinance governing abandoned vessels. However, their ordinances are incompatible with state law and are likely illegal because they (1) impose a 7-day timeframe for determining abandonment (as opposed to the state law's 45-day requirement), (2) mandate insurance requirements, and (3) levy a \$500, which runs afoul with the state law's \$1,000 minimum fine.

There are no existing ordinances which address abandoned boat in waterways for Beaufort County (with the exception of watercraft abandoned at or near boat landing), Jasper County (abandoned boats are mentioned in their littering ordinance), Town of Bluffton (with the exception of abandoned boats at the Oyster Factory Park boat landing), Town of Yemassee, and Town of Hardeeville.

Please let me know if you have any questions or would like to discuss further.

Sincerely,



Mac Deford

Attachments: Proposed Abandoned Watercraft Ordinance

² S.C. Code Ann. §50-21-190(B) sets forth a minimum fine of \$1,000 and a maximum fine of \$5,000.

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

AN ORDINANCE TO AMEND TITLE 8, CHAPTER 3 OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, TITLED MOTOR BOATS AND WATER SAFETY BY ADDING PROVISIONS RELATED TO ABANDONED WATERCRAFT IN ACCORDANCE WITH THE SOUTH CAROLINA CODE OF LAWS

WHEREAS, abandoned watercraft on public lands and waters within the corporate limits of the Town of Hilton Head Island poses a risk to the health and safety of the citizens and visitors to the Town as well as a posing a significant danger to the environment and aesthetics of the Town's beaches and waterways; and

WHEREAS, the Town continues to experience the abandonment of vessels and other watercraft that results in environmental, ecological, and economic harm if not adequately addressed.

WHEREAS, the South Carolina General Assembly has addressed abandoned watercraft with legislation it passed enacting Chapters 21 and 23, within Title 50 of the Code of Laws of South Carolina; and

WHEREAS, S.C. Code Ann. § 50-21-30 authorizes local governments to pass ordinances to address abandoned watercraft, provided that the provisions of such ordinance are identical to the provisions of Chapters 21 and 23, Title 50 of the Code of Laws of South Carolina; and

WHEREAS, the Hilton Head Island Town Council has the authority to amend its Code of Ordinances when deemed to be in the best interest of the citizens of the Town, and it now desires to do so with respect to the subject of abandoned watercraft within its municipal limits, as set forth below.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Councilmembers of the Municipality of Hilton Head Island, in Council assembled, that Article 1, Chapter 3 of the of the

Hilton Head Island Code of Ordinances titled *Abandoned Watercraft* is hereby enacted to specifically read as follows:

Chapter 3 - MOTOR BOATS AND WATER SAFETY

ARTICLE 1. - GENERAL PROVISIONS

Sec. 8-3-111. - Title.

This chapter shall be known and may be cited as the "Hilton Head Island Boat Control Ordinance."

Sec. 8-3-112. - Definitions.

For the purposes of this chapter the following terms, phrases, words, and their derivations shall have the meaning given herein:

- (1) Boat: Any watercraft, including seaplanes when not airborne, in or upon, or docked or moored at any place in any waterway within the boundaries of the town.
- (2) Waterway: Any waters, waterway, harbours, lake, river, tributary, canal, lagoon or connecting waters within the boundaries of the town.

Sec. 8-3-113. - Authority.

(a) The town shall have the right to regulate the use of all waterways within the town limits and the conduct of all persons using same, consistent with and not in conflict with federal or state laws and regulations. All ordinances of the town regulating the conduct of persons on land shall apply to persons using waterways, insofar as the same are applicable.

(b) Any law enforcement officer of the town or any law enforcement acting pursuant to a delegation of authority from the town shall be responsible for the enforcement of this chapter. Any such officer shall have the authority to stop and board any vessel for the purpose of inspection or determining compliance with the provisions of this chapter and is empowered to issue a summons for appearance in a court of competent jurisdiction or make arrests for violations of this chapter.

Every vessel if underway or upon being hailed by a police officer, shall stop immediately and lay to or if this is impractical or unsafe, shall maneuver in such a way as to permit such officer to come aboard.

Sec. 8-3-114. ABANDONED WATERCRAFT.

(A) Definitions.

In addition to the common meaning of words, the following definitions shall be used when interpreting the provisions of this section.

- (1) Abandon or Abandoned. Means any watercraft that has been moored, stranded, wrecked, sinking, or sunk, and has been left unattended for longer than forty-five (45) days. A watercraft is not abandoned if it is legally moored or is on private property.
- (2) Boat. Means a vessel.
- (3) Department. Means the South Carolina Department of Natural Resources.
- (4) Marina. Means a facility which provides mooring or dry storage for watercraft.
- (5) Outboard Motor. Means a combustion engine or electric propulsion system, which is used to propel a watercraft, and which is detachable from the watercraft as a unit. No outboard motor of less than five horsepower or its equivalent is required to be titled under this chapter.
- (6) Owner. Means a person, other than a lienholder, who claims lawful possession of a vessel or outboard motor by virtue of legal title or equitable interest in it which entitled him to possession.
- (7) Person. Means an individual, a partnership, a firm, a corporation, an association, or other legal entity.
- (8) Town. Means the Town of Hilton Head Island.
- (9) Use. Means operate, navigate, or employ.
- (10) Vessel. Means every description of watercraft, other than a seaplane regulated by the federal government, used or capable of being used as a means of transportation on water.
- (11) Water Device. Means a motorboat, boat, personal watercraft or vessel, water skis, an aquaplane, surfboard, or other similar device.

- (12) Waters of the State. Means waters within the territorial limits of the State but not private lakes or ponds.
- (13) Watercraft. Means anything used or capable of being used as a means of transportation on the water but does not include: a seaplane regulated by the federal government, water skis, aquaplanes, surfboards, windsurfers, tubes, rafts, and similar devices or anything that does not meet construction or operational requirements of the state or federal government for watercraft.

(B) Scope. The provisions of this chapter and other applicable laws of this State, including but not limited to, Title 50 of the South Carolina Code of Laws, shall govern all activity and matters related to abandoned watercraft on the public land and waters of the Town and the State that are located within the jurisdictional limits of the Town of Hilton Head Island.

(C) Administration. The administration and enforcement of the provisions of this Section shall be vested in the Town's Public Safety Department or sheriff's office. Public safety officers and deputy sheriffs are empowered to issue a summons for appearance in court, or to make arrest for violations of this chapter or any applicable rules and regulations prescribed under Title 50 of the South Carolina Code of Laws.

(D) Abandoning watercraft or outboard motor; penalty; removal.

- (1) It is unlawful to abandon a watercraft or outboard motor on the public lands or waters of the Town or on private property without permission of the property owner. This section does not apply to persons who abandon a watercraft in an emergency for the safety of the persons onboard; however, after the emergency is over, the owner and operator of the abandoned watercraft shall make a bona fide attempt to recover the watercraft.
- (2) A person violating the provisions of this section is guilty of a misdemeanor and, upon conviction, must be fined not less than one thousand dollars nor more than five thousand dollars or imprisoned for up to thirty days, or both. In addition, the owner must remove the abandoned watercraft within fourteen days of conviction. The magistrate courts are vested with jurisdiction for cases arising under this section.
- (3) An abandoned watercraft as identified by the Department may be removed at the risk and expense of the owner and disposed of by any governmental agency that has jurisdiction over the area where the abandoned watercraft is located.
- (4) The Town or the Department of Natural Resources must conduct investigations of any watercraft subject to the provisions of this section to determine the status of the watercraft as abandoned. The Town or the Department must send written notice and make additional reasonable efforts to notify the last known owner, if any, of the status of the watercraft. If efforts to notify fail, then the Town or the Department must post a notice on the watercraft advising that the watercraft is abandoned. If the owner claims the watercraft within forty-five (45) days of the date the notice is posted, the watercraft is not considered abandoned.

- (5) A watercraft identified by the Town or the Department as abandoned for at least ninety days may be claimed by any person or entity as abandoned property.

(E) Watercraft titles; notification of transfer.

Any watercraft or outboard motor, or both, held or principally used in this State must be titled by the Department. An owner of a watercraft or outboard motor titled in this State must notify the Department within thirty days if ownership is transferred to another person, entity, or transferred out of state or otherwise disposed.

(F) Exemptions to titling.

Watercraft documented by the United States Coast Guard or its predecessor or successor agency and water skis, aquaplanes, surfboards, windsurfers, and similar devices, and those watercrafts propelled exclusively by human power are not required to be titled.

(G) Certificate of title as evidence of ownership; watercraft from other states.

- (1) A certificate of title to a watercraft or outboard motor is prima facie evidence of ownership of a watercraft or outboard motor. All watercraft and outboard motors subject to the titling requirements of this chapter must be titled.
- (2) No person may acquire a watercraft or outboard motor, subject to the titling requirements of this chapter, without obtaining a certificate of title or in the case of a new watercraft or outboard motor a manufacturer's or importer's statement of origin reflecting the person acquiring the watercraft or outboard motor as the original purchaser as provided in this chapter. In the case of watercraft or outboard motors from other jurisdictions that do not require titling, a bill of sale and proof of registration may be substituted for the title.
- (3) No person may dispose of a watercraft or outboard motor subject to the titling provisions of this chapter without transferring to the person acquiring the watercraft or outboard motor a certificate of title reflecting the transfer of the watercraft or outboard motor. In the case of new watercraft, a manufacturer's statement of origin must be delivered to the purchaser. In the case of watercraft or outboard motors from other states or foreign jurisdictions, which do not title such watercraft or outboard motors, a bill of sale and proof of registration may be substituted.

(H) Seizure of certain watercraft; notice of seizure and of time for removal; forfeiture and disposal.

- (1) A stolen or abandoned, junked, adrift, destroyed, or salvaged watercraft or outboard motor, a watercraft or outboard motor for which the true owner is not determined, or a watercraft or outboard motor on which the manufacturer's or assigned serial number has been destroyed, removed, covered, altered, or defaced may be seized.
- (2) Upon seizure of the watercraft or outboard motor, the Department shall notify a person claiming an interest in it, and the person has the right to prove his interest before the circuit court in the county where the property was seized. If no action is filed within sixty (60) days of notification, the Department may retain the property for official use or transfer the

property to another public entity for official use, sell the property at public auction, or, if the watercraft or outboard motor is determined to be unsafe, destroy it. The proceeds derived from the sale must be deposited in the Boating Operating Fund of the Department for administration of the program.

- (3) When the Department determines the owner of a seized watercraft or outboard motor and related marine equipment, it shall notify the owner by certified mail of the procedure, the location, and the fact that he has not less than thirty days from the date of the certified letter to remove the equipment from the Department's storage facility. If a security interest has been perfected, the Department must notify the lienholder by certified mail allowing thirty days to respond. Failure to respond within thirty (30) days or remove the watercraft or outboard motor by the date designated forfeits the equipment to the department to be used or disposed of according to law.

THIS ORDINANCE SHALL BE EFFECTIVE IMMEDIATELY UPON ITS ADOPTION AT
FINAL READING THIS ____ DAY OF _____, 2024.

Alan R. Perry, Mayor
Town of Hilton Head Island

Attest:

Kimberly Gammon, Town Clerk

APPROVED AS TO FORM:

Curtis L. Coltrane, Town Attorney



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Hilton Head Island Town Council Members
FROM: Josh Gruber, Deputy Town Manager
CC: Marc Orlando, Town Manager
Jeff Herriman, Interim Finance Director
DATE: March 5, 2024
SUBJECT: Consideration of an Ordinance to Amend the Town of Hilton Head Island Budget for the Fiscal Year Ending June 30, 2024; to Provide for the Use of Budgeted Appropriations from the Prior Year; to Allocate the Sources of Revenue for Said Funds; to Provide for Severability and an Effective Date; and to Amend the Adopted American Rescue Plan Act (ARPA) Spending Plan

RECOMMENDATION:

The Town Council is requested to provide policy guidance on proposed amendments to the Fiscal Year 2024 budget as well as additional policy guidance on proposed amendments to the adopted American Rescue Plan Act (ARPA) spending plan.

SUMMARY:

As part of the annual budget review process, the Town assesses its current budgeted funds once the previous fiscal year has been closed. Staff then determines whether a mid-year budget amendment should be recommended. As we are now more than halfway through Fiscal Year 2024 and the previous fiscal year has been closed, staff proposes several budget amendments within certain identified Town Funds. Along with information pertaining to why the budget amendment is being requested, there are also corresponding recommendations on the identified sources of funding that are proposed to satisfy these amendments.

1. GENERAL FUND AMENDMENTS:

a. Beach Parking Allocation:

On September 20, 2022, the Town Council approved entering into a contract with PCI Municipal Services for the purpose of providing beach parking management. On February 21, 2023, the Town Council approved a budget amendment to fully fund this contract at a total cost of \$869,730 with \$366,965 allocated towards operating expenses and \$502,765 allocated towards capital expenses. At the conclusion of

Fiscal Year 2023, there was \$308,508 remaining in unspent operating funds that staff is proposing to transfer into the Fiscal Year 2024 budget. These funds would be utilized to continue providing for the approved operating expenses identified in the initial budget that are continuing during the current fiscal year.

b. Community Development – Land Management Ordinance:

As part of the Fiscal Year 2023 budget, funding was identified within the Community Development Division for the purpose of engaging a consultant to undertake revisions to the Town's Land Management Ordinance. This initiative is identified in the Town's Strategic Action Plan under the Growth Framework and Island-Wide Master Plan strategy. The Town has recently executed a contract with the firm who will be utilized to accomplish this objective and as such, funding that was budgeted within the Fiscal Year 2023 budget but remained unspent is needed to be transferred into the Fiscal Year 2024 budget in the amount of \$350,000 to complete this initiative.

c. State Accommodation Taxes Allocation:

The Town's Finance and Administrative Committee recently made a unanimous recommendation to the Town Council that it authorize supplemental, mid-year appropriations under the FY24 Affiliated Agency program. Specifically, the Committee is making the following funding recommendations from available State Accommodation Tax balances:

- i. Coastal Community Development Corporation - \$600,000
- ii. Hilton Head Regional Habitat for Humanity - \$500,000

At its meeting on February 20, 2024, the Town Council voted to approve a Memorandum of Understanding with both the Coastal Community Development Corporation and the Hilton Head Regional Habitat for Humanity which outlines the various roles and responsibilities of the parties in the expenditure of these funds should this funding request ultimately be approved. Both appropriations would be funded from existing and available State Accommodation Taxes and would be dedicated towards the purpose of supporting affordable workforce housing initiatives on Hilton Head Island. A budget schedule identifying the availability of these funds is enclosed as Attachment 1. Also enclosed are copies of the Memorandums of Understanding with the Coastal Community Development Corporation and the Hilton Head Regional Habitat for Humanity as Attachments 2 and 3 respectively. Based upon these directives, staff is recommending an increase in the General Fund budget in the cumulative amount of \$1,100,000 from available State Accommodations Taxes to provide for these requested allocations as FY24 Affiliated Agencies.

d. Hospitality Tax Allocation:

Town Council recently approved a Sponsorship Agreement with the Heritage Classic Foundation to support the 2024 RBC Heritage Golf Tournament in the amount of \$400,000. Funding for this Sponsorship Agreement was included in the Fiscal Year 2024 in the amount of \$307,469. Since the approved sponsorship amount is in excess of what was initially budgeted within the Fiscal Year 2024 budget, staff is recommending a budget amendment in the amount of \$92,531 from available funds within the Hospitality Tax fund balance. A schedule showing the availability of these funds is enclosed as Attachment 4.

2. CAPITAL IMPROVEMENT PLAN (CIP) AMENDMENTS:

a. Land Purchase Allocations:

The Town Council has previously authorized the purchase of several real estate parcels totaling 13.2 acres, and for which a corresponding budget amendment will need to be recorded to identify the sources of funding necessary to acquire these parcels. Staff are therefore requesting an amendment to the Capital Projects Fund budget in the cumulative amount of \$11,927,000 as further identified in each of the property acquisitions identified in the chart below:

Property Address	Purchase Price	Source of Funds	Closing Date
30 Bryant Road	\$3,400,000	Real Estate Transfer Fees	July 5, 2023
71 Shelter Cove Lane	\$3,938,000	State ATAX, Real Estate Transfer Fees, Land Sale Proceeds, and Hospitality Taxes	July 28, 2023
Parcel 15, Matthews Drive	\$350,000	Real Estate Transfer Fees	August 18, 2023
72 Pope Avenue	\$4,000,000	State ATAX, Real Estate Transfer Fees, Land Sale Proceeds, Hospitality Taxes	October 26, 2023
Lot 9, 19 Marshland Road	\$239,000	Real Estate Transfer Fees	April 30, 2024
Total Expenditure	\$11,927,000		

b. CIP Carry Forward:

In building the Fiscal Year 2024 Capital Improvement Program Budget, a preliminary estimate of the "Carry Forward" funding that would need to be brought forward from the Fiscal Year 2023 budget into the Fiscal Year 2024 budget was provided for

within the adopted budget. Now that the Fiscal Year 2023 budget has been closed out, these estimated numbers are being updated to reflect the actual unspent balances that remain in a number of Capital Improvement Program project budgets. A copy of the CIP spreadsheet identifying these amounts by project is enclosed as Attachment 5. It is important to note that the current approved budget for Fiscal Year 2024 CIP projects is not being altered or amended with the exception of carrying forward unspent funds from Fiscal Year 2023.

As summary of the proposed carry forward requests broken down by CIP category is as follows:

- Beach - \$286,000
- Pathway - \$607,000
- Roads - \$530,000
- Parks - \$363,000
- Facilities and Equipment - \$1,490,000
- Fleet – No Change
- Land Acquisition - \$11,927,000 (via transfers in)

The Capital Projects Fund Expenditures spreadsheet showing the original budget carry forward estimate, the revised carry forward amounts, original budgeted and revised new funds for FY24, and the corresponding FY24 Adopted Budget and FY24 Revised Budget showing these figures is shown as follows:

Capital Projects Fund Expenditures:

	Budgeted Carry Forward	Revised Carry Forward	Budgeted New FY24 Funds	Revised FY24 New Funds	FY24 Adopted Budget	FY24 Revised Budget	Variance
Beach Program	1,556,000	1,842,216	3,000,000	3,000,000	4,556,000	4,842,216	286,216
Pathway Program	2,385,000	2,992,085	2,425,000	2,425,000	4,810,000	5,417,085	607,085
Roadway Program	3,892,020	3,397,753	2,312,445	3,337,170	6,204,465	6,734,923	530,458
Park Program	5,350,000	5,691,949	3,779,500	3,780,220	9,129,500	9,472,169	342,669
Facilities & Equipment Program	950,000	2,238,936	5,613,696	5,814,147	6,563,696	8,053,083	1,489,387
Fleet Program	7,518,420	7,489,466	811,000	839,954	8,329,420	8,329,420	-
Land Acquisition Administration	290,000	85,041	110,000	314,959	400,000	400,000	-
Land Acquisition	-	-	-	11,927,000	-	11,927,000	11,927,000
Totals	21,941,440	23,737,446	18,051,641	31,438,450	39,993,081	55,175,896	15,182,815

3. AMERICAN RESCUE PLAN ACT (ARPA) SPENDING PLAN:

a. American Rescue Plan Act (ARPA) Reallocation:

The Community Development Department has been engaged in implementing both the Home Safe and Repair Program and the Lateral Sewer Connection Program authorized by Town Council. The initial spending plan that was approved in 2021 provided for the following allocations:

- Community Foundation of the Lowcountry Grant - \$1,000,000
- Town Hall Security and Technology Improvements - \$1,000,000
- Workforce Housing Development/Infrastructure - \$1,000,000
- Home Safe and Repair Program - \$400,000
- Lateral Sewer Connections - \$200,000
- Public Infrastructure (TBD) - \$1,627,178

Based on the success of both the Home Safe and Repair and Lateral Sewer Connection Programs, the adopted Fiscal Year 2024 budget, it included a reallocation of additional funding for both of these programs thereby increasing the total funding available for these efforts as follows:

- Home Safe and Repair Program - \$200,000 in reallocation funding from Public Infrastructure (TBD) which results in \$600,000 in cumulative project funding.
- Lateral Sewer Connections - \$100,000 in reallocation funding from Public Infrastructure (TBD) which results in \$300,000 in cumulative project funding.

Due to the success of both of these programs, the Town has received more requests for assistance than it currently has in available in Town Council approved funding that would be needed to fulfill these outstanding requests. Staff is therefore proposing a further reallocation of \$969,158 in funding from Public Infrastructure (TBD) with \$899,741 being allocated to the Home Safe and Repair program and \$69,417 being allocated to the Lateral Sewer Connection program. A spreadsheet outlining these proposed amendments is enclosed as Attachment 6.

A current status update on the Home Safe and Repair program is as follows:

- The Home Safe and Repair program has qualified 96 of the 123 applications that it has received.
- Of these 96 qualified applications, 19 projects have been completed at a cost of \$166,563.48.
- 29 projects have jobs that are pending or are otherwise under contract at a cost of \$403,205.
- Staff anticipates being able to complete all of the 62 additional projects if the proposed reallocation of funds is adopted.
- Any remaining projects will be identified for possible inclusion in the Fiscal Year 2025 budget.

A current status update on the Lateral Sewer Connection program is as follows:

- The Lateral Sewer Connection program has qualified 35 of the 37 applications that it has received.
- Of these 35 applications, 24 projects have been completed and an additional 3 projects are pending at a total cost of \$288,417.
- There are 8 projects remaining that staff anticipate being able to complete if the proposed reallocation of funds is adopted.
- The successful completion of these 8 projects would leave no outstanding applications remaining within the program.

CONCLUSION:

The Town Council is requested to provide policy guidance on the proposed amendments to the Fiscal Year 2024 budget which include recommendations to transfer Fiscal Year 2023 unspent funds, rolling forward of Fiscal Year 2023 unspent Capital Improvement Project funds, to allocate funding for the Town's land acquisitions, and allocate Affiliated Agency funding for the Coastal Community Development Corporation and the Hilton Head Regional Habitat for Humanity. Additionally, the Town Council is requested to provide policy guidance on proposed amendments to the adopted American Rescue Plan Act (ARPA) spending plan which if approved, would allow for the completion of qualified projects between now and the end of the current calendar year.

ATTACHMENTS:

1. Draft Fiscal Year 2024 Budget Ordinance Amendment
2. State Accommodations Tax Funding Availability Schedule
3. Memorandum of Understanding with Coastal Community Development Corporation
4. Memorandum of Understanding with the Hilton Head Regional Habitat for Humanity
5. Hospitality Tax Funding Availability Schedule
6. CIP Spreadsheet Identifying FY2024 Carry Forward Allocations
7. American Rescue Plan Act Proposed Funding Reallocation

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

AN ORDINANCE TO AMEND THE BUDGET FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, FOR THE FISCAL YEAR ENDING JUNE 30, 2024; TO PROVIDE FOR THE BUDGETED APPROPRIATIONS OF PRIOR YEAR BUDGET ROLL-FORWARDS AND CERTAIN OTHER APPROPRIATIONS AND COMMITMENTS AND THE EXPENDITURES OF CERTAIN FUNDS; TO ALLOCATE THE SOURCES OF REVENUE FOR THE SAID FUNDS; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, Section 5-7-260 of the Code of Laws of South Carolina requires that a municipal council act by ordinance to adopt a budget and levy taxes, pursuant to public notice; and

WHEREAS, the Town Council did adopt the budget on June 6, 2023, and

WHEREAS, pursuant to the budget amendment policy as stated in the Town's annual budget document, the Town Council is desirous of amending the budget so as to provide for the budgeted appropriations of prior year budget roll-forwards and certain other appropriations and commitments from the Fund Balance and other revenue sources.

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

Section 1. Amendment. The adopted 2024 fiscal year budget is amended to make the following changes as additions to the funds from prior years and to the projected revenue and expenditure accounts as summarized below and as detailed in Attachment A.

General Fund

- Allocation of \$308,508 in unspent Fiscal Year 2023 funds for the new parking program contract operations and implementation.
- Allocation of \$350,000 in unspent Fiscal Year 2023 funds for Community Development to utilize for Land Management Ordinance revisions.
- Allocation of \$1,100,000 in State Accommodations Tax funds to fund the Fiscal Year 2024 Affiliated Agency applications from the Coastal Community Development Corporation (\$600,000) and the Hilton Head Regional Habitat for Humanity (\$500,000).
- Allocation of \$92,531 in Hospitality Tax funds for the 2024 RBC Heritage Sponsorship Agreement.

A schedule outlining these transfers is as follows:

General Fund Revenues

Transfer-in from State Accommodations Tax	\$ 1,100,000
Transfer-in from Hospitality Tax	\$ 92,531
Prior Year Unspent Funds (Beach Parking)	\$ 308,508
Prior Year Unspent Funds (LMO Revisions)	\$ 350,000
	<u>\$ 1,851,039</u>

General Fund Expenditures

FY24 Affiliated Agency Funding:	
Coastal Community Development Corporation	\$ 600,000
Hilton Head Regional Habitat for Humanity	\$ 500,000
	<u>\$ 1,100,000</u>
Remainder of FY23 Parking Contract Funding:	
Parking Program Contract	\$ 308,508
Community Development:	
LMO Amendments	\$ 350,000
<u>Sponsorship Agreement</u>	\$ 92,531
2024 RBC Heritage Golf Tournament	<u>\$ 1,851,039</u>

Capital Projects Fund

A change in the amount of expected carry forward for various CIP projects to move from available budget projects to actual availability unspent funds as well as an increase in the CIP budget to provide for land acquisitions approved by Town Council since July 1, 2023, is reflected in the chart below. This chart represents the cumulative amendments within the CIP and is shown in greater detail in Attachment A attached hereto and incorporated herein by reference.

Capital Projects Fund Expenditures:

	Budgeted Carry Forward	Revised Carry Forward	Budgeted New FY24 Funds	Revised FY24 New Funds	FY24 Adopted Budget	FY24 Revised Budget	Variance
Beach Program	1,556,000	1,842,216	3,000,000	3,000,000	4,556,000	4,842,216	286,216
Pathway Program	2,385,000	2,992,085	2,425,000	2,425,000	4,810,000	5,417,085	607,085
Roadway Program	3,892,020	3,397,753	2,312,445	3,337,170	6,204,465	6,734,923	530,458
Park Program	5,350,000	5,691,949	3,779,500	3,780,220	9,129,500	9,472,169	342,669
Facilities & Equipment Program	950,000	2,238,936	5,613,696	5,814,147	6,563,696	8,053,083	1,489,387
Fleet Program	7,518,420	7,489,466	811,000	839,954	8,329,420	8,329,420	-
Land Acquisition Administration	290,000	85,041	110,000	314,959	400,000	400,000	-
Land Acquisition	-	-	-	11,927,000	-	11,927,000	11,927,000
Totals	21,941,440	23,737,446	18,051,641	31,438,450	39,993,081	55,175,896	15,182,815

American Rescue Plan

A reallocation of \$300,000 within the adopted spending plan to transfer funding from the Public Infrastructure line item to the Home Safe and Repair Program (\$200,000) and Lateral Sewer Connection (\$100,000) line items.

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 enactment by the Town Council of the Town of Hilton Head Island.

**PASSED, APPROVED, AND ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF
HILTON HEAD ISLAND ON THIS ____ DAY OF _____, 2024.**

**TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA**

Alan R. Perry, Mayor

ATTEST:

Kimberly Gammon Town Clerk

APPROVED AS TO FORM:

Curtis Coltrane, Town Attorney

ATTACHMENT A

Capital Projects Fund

Capital Projects Fund Revenues:

	FY 2024 Adopted Budget	FY 2024 Revised Budget	Variance
Project Funding Sources			
Traffic & Park Impact Fees	300,000	300,000	-
HTAX Supported Lease	7,944,420	7,483,420	(461,000)
Prior Year Bond Proceeds	-	258,434	258,434
Capital	1,200,000	1,200,000	-
Sale of Land	1,600,000	1,500,000	(100,000)
Grants	-	602,111	602,111
Transfers In:			-
Beach Preservation Fees	6,556,000	5,983,782	(572,218)
Hospitality Fees	2,360,000	3,396,585	1,036,585
Tax Increment Financing	4,379,500	4,166,825	(212,675)
State Accommodation Tax	3,000,000	3,000,000	-
Road Usage Fee	3,600,000	3,600,000	-
Electric Franchise Fee	7,793,161	9,596,675	1,803,514
Real Estate Transfer Fee	400,000	321,064	(78,936)
Stormwater Utility Fee	860,000	860,000	-
Prior Year SWU Transfer-In	-	980,000	980,000
Project Funding Sources before Land Acquisition	39,993,081	43,248,896	3,255,815
Land Acquisition Funding Sources			
Sale of Land	-	2,000,000	2,000,000
Grants	-	220,000	220,000
Transfers In:			-
Hospitality Fees	-	469,000	469,000
State Accommodation Tax	-	2,000,000	2,000,000
Real Estate Transfer Fee	-	7,238,000	7,238,000
Land Acquisition Funding Sources	-	11,927,000	11,927,000
Total	39,993,081	55,175,896	15,182,815

Capital Projects Fund Expenditures:

	Budgeted Carry Forward	Revised Carry Forward	Budgeted New FY24 Funds	Revised FY24 New Funds	FY24 Adopted Budget	FY24 Revised Budget	Variance
Beach Program	1,556,000	1,842,216	3,000,000	3,000,000	4,556,000	4,842,216	286,216
Pathway Program	2,385,000	2,992,085	2,425,000	2,425,000	4,810,000	5,417,085	607,085
Roadway Program	3,892,020	3,397,753	2,312,445	3,337,170	6,204,465	6,734,923	530,458
Park Program	5,350,000	5,691,949	3,779,500	3,780,220	9,129,500	9,472,169	342,669
Facilities & Equipment Program	950,000	2,238,936	5,613,696	5,814,147	6,563,696	8,053,083	1,489,387
Fleet Program	7,518,420	7,489,466	811,000	839,954	8,329,420	8,329,420	-
Land Acquisition Administration	290,000	85,041	110,000	314,959	400,000	400,000	-
Land Acquisition	-	-	-	11,927,000	-	11,927,000	11,927,000
Totals	21,941,440	23,737,446	18,051,641	31,438,450	39,993,081	55,175,896	15,182,815

ATTACHMENT A, CONTINUED

The effects of this budget amendment for fiscal year 2024 are presented below.

	General Fund		Cap Proj Fund		Debt Service	
	Expenditures	Revenues & Transfers In	Expenditures, Transfers Out & Other Uses	Revenues & Transfers In & Other Sources	Expenditures, Transfers Out & Other Uses	Revenues & Transfers In
Original Budget	\$ 57,980,977	\$ (57,980,977)	\$ 39,993,081	\$ (39,993,081)	\$ 17,397,233	\$ (17,397,233)
Amendment	1,408,508	(1,408,508)	15,182,815	(15,182,815)	-	-
Revised Budget	\$ 59,389,485	\$ (59,389,485)	\$ 55,175,896	\$ (55,175,896)	\$ 17,397,233	\$ (17,397,233)

	GGHN Community Development Corporation Fund		Housing Fund		Total Governmental Funds	
	Expenditures, Transfers Out & Other Uses	Revenues & Transfers In	Expenditures, Transfers Out & Other Uses	Revenues & Transfers In	Expenditures, Transfers Out & Other Uses	Revenues & Transfers In & Other Sources
Original Budget	\$ 5,343,185	\$ (5,343,185)	\$ 3,350,000	\$ (3,350,000)	\$ 124,064,476	\$ (124,064,476)
Amendment	-	-	-	-	16,591,323	(16,591,323)
Revised Budget	\$ 5,343,185	\$ (5,343,185)	\$ 3,350,000	\$ (3,350,000)	\$ 140,655,799	\$ (140,655,799)

	Enterprise Fund Stormwater Fund	
	Expenditures & Transfers Out	Revenues & Transfers In
Original Budget	\$ 5,885,817	\$ (5,885,817)
Amendment	-	-
Revised Balance	\$ 5,885,817	\$ (5,885,817)

Town of Hilton Head Island			
Calculation of State Accommodations Taxes (ATAX) & Available Funds			
As of January 16, 2024			
SC ATAX Funds Available on July 1, 2022, less 2023 ATAX Grant Requests			1,139,792
	FY23 ATAX Collections	13,344,903	
	FY23 Interest Earnings	371,636	
		13,716,539	
Total FY23 Available ATAX Funds Before Distributions			14,856,331
FY23 Required Distributions			
	General Fund	(25,000)	
	DMO 30% (after first \$25k)	(3,995,971)	
	General Fund 5%	(665,995.00)	
	Subtotal Required Distributions	(4,686,966)	
Town Council Allocations in the FY 2024 Budget:			
	General Fund Operations Budgets 2024	(3,515,021)	
	Capital Improvements Budget 2024	(3,000,000)	
	Total Town Council Allocations	(6,515,021)	
2024 ATAX Grant Application Awards		(4,282,328)	
FY24 Expected Activity (July - December 2023)			
FY24 State ATAX Revenues - July-September 2023 (Actual)		5,148,616	
FY24 State ATAX Revenues - October-December 2023 (Forecast)		1,612,716	
FY24 ATAX Revenue Interest Earnings - July-December 2023 (Actual)		284,359	
Total FY24 Revenues (July-December 2023)		7,045,691	
FY24 Required Distributions (July - December)			
	General Fund	(25,000)	
	DMO 30% (after first \$25k)	(2,020,900)	
	General Fund 5%	(336,817)	
	Subtotal Required Distributions	(2,382,717)	
Total FY24 Available ATAX Funds Before Additional Uses			4,034,990
Possible Uses of Available ATAX Funds			
Planned Land Purchases (Pending Adoption of FY24 Budget Amendment)		(2,000,000)*	
Workforce Housing (Hilton Head Regional Habitat for Humanity & CCDC)		(1,100,000)*	
Total Possible Uses of Available ATAX Funds		(3,100,000)	
Total FY24 Available Balance After Additional Uses			934,990

*Subject to Town Council approval of Fiscal Year 2024 Budget Amendment.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Agreement”) is entered into this ____ day of _____, 2024, by and between the Town of Hilton Head Island (“Town”), a South Carolina Municipal Corporation, and the Coastal Community Development Corporation (“Coastal”), a South Carolina nonprofit corporation. When referred to jointly, these entities shall be referred to as the “Parties.”

WHEREAS, the Town is committed to fostering a strong sense of community and well-being for all of its residents through the creation of affordable workforce housing; and

WHEREAS, within *Our Plan*, the Town of Hilton Head Island’s Comprehensive Plan, the Town has identified a specific goal of encouraging the development of workforce housing and home ownership through effective incentives; and

WHEREAS, one of the strategies identified within Comprehensive Plan is to support programs that are aimed at increasing workforce housing availability similar to the program that is offered by the Coastal Community Development Corporation; and

WHEREAS, Coastal is dedicated to the acquisition of affordable workforce housing and has presented a plan whereby it would acquire existing residential units on Hilton Head Island and restrict their future occupation and use to established affordable housing criteria; and

WHEREAS, both parties acknowledge the need for an effective partnership between the Town and Coastal to facilitate the acquisition of affordable workforce housing within the municipal limits of Hilton Head Island.

NOW, THEREFORE, for and in consideration of the mutual promises, undertakings, and covenants set forth herein, the receipt and sufficiency of which is acknowledged and affirmed by both the Town and Coastal, the Parties do hereby agree as follows:

1. Governing Document

It is the intent of the parties that this Memorandum shall only govern circumstances wherein the Town has provided funding to Coastal for the purposes of acquiring affordable workforce housing units.

2. Funding

The Town will consider an annual financial contribution to Coastal through its Affiliated Agency funding process to support the acquisition of properties, the creation of affordable workforce housing, and the oversight and management of the same. The balance of any capital or operating funding that may be necessary to accomplish this purpose above and beyond any amount appropriated by the Town shall be raised by Coastal from sources other than what has been provided by the Town through its Affiliated Agency funding.

Nothing in this document, or the Affiliated Agency funding process shall be deemed to require the Town to continue the Affiliated Agency funding process, or to otherwise be deemed a commitment of the Town to provide any future funding. The use of funding identified in this Memorandum is conditioned upon the Town taking such actions as may be necessary in order to satisfy the requirements outlined in Act 57 of 2023.

3. Roles and Responsibilities

A. Coastal's Obligations:

- i. Approval of Plan and Budget. Prior to awarding any funding identified under this Agreement, Coastal shall submit annually through the Town's Affiliated Agency program. Among other program requirements, this submission shall include a detailed plan (the "Plan") and budget (the "Budget") for the acquisition of workforce housing for which this funding will be utilized. The Town will provide Coastal with access to its staff to assist in the development of both the Plan and the Budget should it request such support.
- ii. Use of Funding. Coastal may only use the above referenced funding for the purposes of developing and/ or acquiring single and/or multi-family workforce housing units within the municipal boundaries of Hilton Head Island.
- iii. Maintenance Plan. Within its Plan, Coastal shall provide information outlining how the affordable workforce housing units acquired with the use of the Town's funding will be maintained in accordance with generally accepted maintenance standards.
- iv. Tenant Qualifications. Coastal shall also identify how applicants will be screened and ultimately selected to own, rent, and/or occupy any units created under this Agreement. In addition to verifying income criteria, these screening and selection criteria shall include a mandatory requirement that at least one member of a household that qualifies to rent any units created under this Memorandum shall be actively employed within the municipal boundaries of the Town of Hilton Head

Island at the time that they are qualified and selected for such unit. This selection criteria along with the applicable income verifications shall be recertified by Coastal no less than annually or at any such time as a new lease or other similar instrument is issued, whichever shall occur sooner so long as no period of recertification occurs in any frequency less than annually.

- v. Selection of Tenants. ~~Coastal shall offer the workforce housing units created or acquired under this Memorandum to any qualified individual meeting the terms and conditions outlined herein and shall not grant any preference to applicant based upon the identity of their employer or nature of their employment on Hilton Head Island.~~ Coastal shall develop selection criteria for its tenants that shall be in keeping with the terms expressed in this Memorandum of Understanding. Coastal shall be authorized to offer preferential selection of qualifying tenants as a means of raising funds from private, nongovernmental entities. The Town supports these efforts and therefore authorizes Coastal to offer this preferential treatment so long as such preference shall not exceed a ratio of units that are offered to any qualifying member of the general public in a ratio that is any less than one to one (1:1) with one preferential unit being available for every publicly available unit that is also created. When requested, Coastal shall provide the Town with written documentation identifying how it is conducting this application and selection process and shall include detailed information on its review and qualification of such applications. This information shall also include a detailed list of the individuals selected as preferred tenants of any workforce housing units and the waiting lists, if any, that it may maintain for future units.
- vi. Income Requirements. Within its submitted Plan, Coastal shall identify the Area Median Incomes (“AMI”) applicable to the affordable workforce housing units that it seeks to create under this Agreement. The rental or conveyance of any workforce housing homes created under this Agreement shall not be less than 30% nor greater than 120% of the AMI applicable to Hilton Head Island, South Carolina according to the latest figures available from the United States Department of Housing and Urban Development (HUD) without the express prior written approval by the Town. Additionally, the monthly rental amount to be charged on any unit that is created or acquired under this program shall not exceed thirty percent (30%) of the total household income identified at the time of qualification for such unit.
- vii. Ongoing Affordable Nature of Housing Units. Within its submitted Plan, Coastal shall identify the nature and extent to which the affordable workforce housing units it seeks to create under this Agreement shall be maintained and the duration of time, expressed in years, that it will ensure that the affordability standards for these units are maintained as stated in its submitted Plan. Coastal shall provide the Town with

copies of the restrictive covenants that will be created for these purposes which shall be provided as part of Coastal's annual Plan and Budget submission. Additionally, within the submitted Plan, any units acquired and/or created under this agreement shall be documented as being restricted from use as a short-term rental during any period of time to which the unit is limited to workforce housing purposes.

- viii. Limitations on sale. No units acquired or created under this agreement shall be sold by Coastal without the express written consent of the Town. The net proceeds of any such units that are authorized for sale shall be reinvested into acquiring comparable workforce housing units.
 - ix. Annual Report. Coastal shall prepare and submit an annual report to the Town identifying the manner in which any funding that it has received by the Town was utilized, the outcomes that it has created to support the acquisition of workforce housing on Hilton Head Island, and any performance metrics that may be that may be necessary to evaluate the overall effectiveness that this funding has had in addressing workforce housing issues on Hilton Head Island.
 - x. Insurance. Coastal shall provide a Certificate of Insurance covering all activities necessary in the carrying out of acquiring real property, and/or during any occupancy of either single and/or multi-family workforce housing units within the municipal boundaries of Hilton Head Island. The Town shall be named as an additional insured within this document. The insurance policies required by this agreement shall include:
 - a. Fire insurance with limits equal to the replacement cost of any structure covered by this agreement, unless already included by regime insurance;
 - b. General liability insurance with limits of no less than \$1million
 - xi. Indemnification. Coastal shall defend, indemnify, and hold harmless the Town, its officers, directors, agents, and employees from and against any and all actions, costs, claims, losses, expenses, and/or damages, including attorney's fees, whether incurred prior to the institution of litigation, during litigation, or on appeal arising out of or resulting from the conduct of any activity hereby authorized or the performance of any requirement imposed pursuant by this Agreement, however caused or occasioned, unless caused by the willful misconduct or gross negligence of the Town.
- B. Town's Obligations
- i. Staff Support: The Town will provide Coastal with access to its staff to support its activities provided for under this Agreement.
 - ii. Processing of Permits. The Town agrees to work with Coastal to expeditiously

process any requests that it may submit for the renovation or repair of any residential units that it acquires or maintains, and the building permits associated with any workforce housing units provided for under this Agreement. We request waiving of any permit fees.

- iii. Release of Funding. The Town will provide any funding authorized to Coastal under this Agreement on a draw down basis. This shall mean that Coastal will submit to the Town documentation establishing satisfactory compliance with all criteria outlined above and only after such documentation has been verified as being sufficient, shall the Town issue funding to Coastal in the amount requested and verified as being compliant with this Memorandum of Understanding.

4. Specific Obligations

Because of the unknown nature of future Plans and Budgets that may be submitted by Coastal, as a condition of any funding that may be awarded to Coastal through the Affiliated Agency funding process, the Town may require additional obligations that shall be consistent with both the Plan and Budget approved by the Town Council. Any such specific obligations will be incorporated via separate agreement and shall identify the nature and scope to which such specific obligations shall apply.

5. Claw Backs and Dissolution

In the event Coastal materially breaches this Agreement, the Town reserves the right to claw back the entirety of the Grant funds, or a portion thereof, that it has provided to Coastal. Additionally, should any funding awarded under this Agreement not be utilized pursuant to the terms and conditions outlined herein, or any additional specific obligations that may be associated with any such award, then Coastal agrees to refund any such funding to the Town upon the receipt of a written demand by the Town to return such funding. We request a 10 year time frame for this restriction.

Should at any time in the future Coastal cease to exist or otherwise operate as a South Carolina nonprofit corporation, Coastal's assets shall be transferred to another similar entity, with the consent of the Town, who shall assume the ownership and responsibilities for the residential units outlined within this agreement and shall continue their occupation, maintenance, and management of these units under the same terms and conditions outlined herein or in any corresponding Plan or Budget that has been approved by the Town Council. Should a sufficient successor organization not be identified, the Town shall have the right to assume the ownership and responsibility for these units under the same terms and conditions outlined herein or in any corresponding Plan or Budget that has been approved by the Town Council.

6. Notices

All notices required under this Memorandum shall be deemed to have been given if in writing and

1. delivered personally; or
2. mailed first class, postage prepaid, to the address of record set forth below, in which case delivery shall be deemed to have occurred two calendar days after the date of postmark.

COASTAL COMMUNITY DEVELOPMENT CORPORATION

Executive Director
1000 Main Street Suite 100-B
Hilton Head Island, South Carolina 29926

TOWN OF HILTON HEAD ISLAND

Town Manager
One Town Center Court
Hilton Head Island, SC 29928

The address of record may be changed by written notice to the other party.

7. Term

The term of this Memorandum of Understanding shall be for a period of five (5) years from the date of its execution. No less than one hundred and eighty (180) days prior to the conclusion of this Memorandum, the Town and Coastal shall meet to discuss any extensions, modifications, or terminations of the same. Changes to this Agreement may be made only with and by the mutual written consent of both Parties. This Agreement and any future requests for funding that are contemplated herein are subject to an annual budget appropriation by the Town Council as part of its Affiliated Agency funding program.

8. Termination

In addition to any other rights of termination set forth in this Memorandum, each party shall have the right to terminate this Memorandum, by written notice to the other party, if the other party is in default of any term or provision of this Memorandum, and the defaulting party fails to cure or correct such default within fourteen (14) days of notice thereof from the non-defaulting party. A party may elect to disregard a default for the period of time without waiving its right to declare a default at a subsequent time or upon reoccurrence of the default. Additionally, either of the Parties may elect to terminate this Agreement for convenience by written notice to the other party, thirty (30) days in advance of such termination.

(SIGNATURE PAGES FOLLOW)

Page 126 of 158

IN WITNESS WHEREOF, the Town has caused this Agreement to be signed and sealed
this _____ day of _____, 20____.

**SIGNED, SEALED AND
DELIVERED IN THE PRESENCE
OF:**

**TOWN OF HILTON HEAD
ISLAND, SOUTH CAROLINA**

By: _____
Alan Perry, Mayor

Attest: _____
Marc Orlando, ICMA~CM
Town Manager

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

ACKNOWLEDGEMENT

I, the undersigned Notary Public, do hereby certify that Alan Perry and Marc Orlando personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the Town of Hilton Head Island, South Carolina.

Witness my hand and seal this _____ day of _____, 20____.

Notary Public for South Carolina
My Commission Expires: _____

STATE OF SOUTH CAROLINA)
)
 COUNTY OF BEAUFORT)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Agreement”) is entered into this ____ day of _____, 2023, by and between the Town of Hilton Head Island (“Town”), a South Carolina Municipal Corporation, and Hilton Head Regional Habitat for Humanity (“Habitat”), a South Carolina nonprofit corporation. When referred to jointly, these entities shall be referred to as the “Parties.”

WHEREAS, the Town is committed to fostering a strong sense of community and well-being for all of its residents through the creation of affordable workforce housing; and

WHEREAS, within *Our Plan*, the Town of Hilton Head Island’s Comprehensive Plan, the Town has identified a specific goal of encouraging the development of workforce housing and home ownership through effective incentives; and

WHEREAS, one of the strategies identified within Comprehensive Plan is to support programs that are aimed at increasing workforce housing home ownership similar to the program that is offered by Habitat for Humanity; and

WHEREAS, Habitat is dedicated to the development of affordable workforce housing and has proven experience in both the construction and management of such projects on Hilton Head Island; and

WHEREAS, both parties support Habitat’s pursuit of financial support for workforce housing development through the Town’s adopted Affiliated Agency funding process; and

WHEREAS, both parties acknowledge the need for an effective partnership between the Town and Habitat to facilitate the development of affordable workforce housing within the municipal limits of Hilton Head Island.

NOW, THEREFORE, for and in consideration of the mutual promises, undertakings, and covenants set forth herein, the receipt and sufficiency of which is acknowledged and affirmed by both the Town and Habitat, the Parties do hereby agree as follows:

1. Governing Document

It is the intent of the parties that this Memorandum shall only govern circumstances wherein the Town has provided funding to Habitat for the purposes of developing affordable workforce housing. Any additional capital and operating costs necessary for the development of qualified affordable workforce housing will be the responsibility of Habitat.

2. Funding

The Town will consider an annual financial contribution to Habitat through its Affiliated Agency funding process to support the acquisition of land, the creation of affordable workforce housing, and the oversight and management of the same. The balance of any capital or operating funding that may be necessary to accomplish this purpose above and beyond any amount appropriated by the Town shall be raised by Habitat from sources other than what has been provided by the Town through its Affiliated Agency funding.

3. Roles and Responsibilities

a. Habitat's Obligations:

- i. Approval of Plan and Budget. Prior to awarding any funding identified under this Agreement, Habitat shall submit annually through the Town's Affiliated Agency program. Among other program requirements, this submission shall include a detailed plan (the "Plan") and budget (the "Budget") for the development of workforce housing for which this funding will be utilized. The Town will provide Habitat with access to its staff to assist in the development of both the Plan and the Budget. The use of funding identified in this Memorandum is conditioned upon the Town taking such actions as may be necessary in order to satisfy the requirements outlined in Act 57 of 2023.
- ii. Use of Funding. Habitat may only use the above referenced funding for the purposes of acquiring real property, and/or designing and constructing single and/or multi-family workforce housing units within the municipal boundaries of Hilton Head Island.
- iii. Review of Plans. Habitat shall submit all conceptual, design, engineering, and site plans to the Town for review and approval consistent with the standard and ordinary development review and building construction process. The plans submitted by Habitat shall follow the Town's Land Management Ordinance as well as any other applicable laws and regulations.

- iv. Maintenance Plan. Within its Plan, Habitat shall provide information outlining how the affordable workforce housing units developed with the use of the Town's funding will be maintained in accordance with generally accepted maintenance standards. Habitat shall also identify how applicants will be screened and ultimately selected to own and/or occupy any units created under this Agreement. These screening and selection criteria shall include a mandatory requirement that at least one or more members of a household that qualifies to acquire any units created under this Memorandum shall be actively employed within the municipal boundaries of the Town of Hilton Head Island at the time that they are qualified and selected for such unit.
- v. Income Requirements. Within its submitted Plan, Habitat shall identify the Area Median Incomes ("AMI") applicable to the affordable workforce housing units that it seeks to create under this Agreement. The rental or conveyance of any workforce housing homes created under this Agreement shall be between thirty percent (30%) to eighty percent (80%) ~~not exceed 120%~~ of the AMI applicable to Hilton Head Island, South Carolina without the express prior written approval by the Town.
- vi. Ongoing Affordable Nature of Housing Units. Within its submitted Plan, Habitat shall identify the nature and extent to which the affordable workforce housing units it seeks to create under this Agreement shall be maintained and the duration of time, expressed in years, that it will ensure that the affordability standards for these units are maintained as stated in its submitted Plan. Additionally, within the submitted Plan, any units created under this agreement shall be restricted from being used for short-term rental purposes.
- vii. Accounting, Reporting, and Transparency. Any funding awarded under this Agreement shall be accounted for in a separate fund according to Generally Accepted Accounting Principles for governmental and non-profit entities. Habitat shall allow the Town to access all records related to the Grant funds upon seventy-two (72) hour written notice. To the extent that it should become necessary, Habitat agrees that it will provide the Town with any documentation that may be necessary to appropriately identify and account for any funding that it may receive. Habitat shall also work with the Town to provide any documentation that may be requested of any state or federal entity pertaining to this funding.

Habitat shall cause a financial statement to be prepared each year at the conclusion of Habitat's fiscal year by an entity independent of, and unconnected to, Habitat. Habitat shall deliver a copy of its financial statement to the Town within thirty (30) days of the completion of the financial statement each calendar year.

Habitat shall provide the Town with an annual independent audit report or review report prepared by a Certified Public Accountant (CPA) acceptable to the Town. An annual report shall be submitted no less than every third year.

Habitat shall prepare and submit an annual report to the Town identifying the manner in which any funding that it has received by the Town was utilized, the outcomes that it has created to support the development of workforce housing on Hilton Head Island, and any performance metrics that may be necessary to evaluate the overall effectiveness that this funding has had in addressing workforce housing issues on Hilton Head Island.

- viii. Insurance. Habitat shall provide a Certificate of Insurance covering all activities necessary in the carrying out of acquiring real property, and/or designing and constructing single and/or multi-family workforce housing units within the municipal boundaries of Hilton Head Island. The Town shall be named as an additional insured within this document.
- ix. Indemnification. Habitat shall defend, indemnify, and hold harmless the Town, its officers, directors, agents, and employees from and against any and all actions, costs, claims, losses, expenses, and/or damages, including attorney's fees, whether incurred prior to the institution of litigation, during litigation, or on appeal arising out of or resulting from the conduct of any activity hereby authorized or the performance of any requirement imposed pursuant by this Agreement, however caused or occasioned, unless caused by the willful misconduct or gross negligence of the Town.

b. Town Obligations:

- i. Support for Habitat Services: The Town will encourage and guide Habitat in the submission of any necessary procurement documentation that may be required in order to facilitate Habitat's participation as a qualified vendor in the Town's Home Safe and Repair program as well as any additional contracting opportunities that may be appropriate for Habitat's services in the home construction and home repair industry.
- ii. Staff Support: The Town will provide Habitat with access to its staff to support identifying opportunities within historic neighborhoods and the development of home ownership opportunities on all properties located within the Town of Hilton Head Island inclusive of Gullah land. This access to staff will include, but will not

be limited to, the Historic Neighborhoods Principal Planner, staff from the Gullah Geechee Historic Neighborhoods Community Development Corporation, and others as may be necessary to accomplish this purpose.

- iii. Development Support: The Town will work cooperatively with Habitat to assist in performing site selection, site design, building design, and construction related activities that support the creation of home ownership workforce housing on Hilton Head Island.
- iv. Processing of Permits. The Town agrees to work with Habitat to expeditiously process any requests that it may submit for development and/or building permits associated with the creation of affordable workforce housing called for under this Agreement.
- v. Project Assistance. The Town may assist and/or perform functions that aid in the acquisition, transfer, and/or development of affordable workforce housing properties for homeownership in a joint partnership with Habitat as provided for within Section 11-1-911 of the Municipal Code of the Town of Hilton Head Island, South Carolina.
- vi. Project Payments. The Town will provide any funding authorized under this Memorandum to Habitat based upon on a periodic draw down basis. The Town Manager shall be authorized to determine the appropriate amounts to be paid under each draw down request based upon the project progress that has been achieved at the time of the draw down request.
- vii. Future Funding Opportunities: The Town will work cooperatively with Habitat to jointly pursue external funding opportunities that support workforce housing development.

4. Specific Obligations

Because of the unknown nature of future Plans and Budget that may be submitted by Habitat, as a condition of any funding that may be awarded to Habitat through the Affiliated Agency funding process, the Town may require additional obligations that shall be consistent with the Plan and Budget approved by the Town Council. Any such specific obligations will be incorporated via separate agreement and shall identify the nature and scope to which such specific obligations shall apply.

5. Claw Backs

In the event Habitat materially breaches this Agreement, the Town reserves the right to claw back the entirety of the Grant funds, or a portion thereof, that it has provided to Habitat. Additionally, should any funding awarded under this Agreement not be utilized pursuant to the terms and conditions outlined herein, or any additional specific obligations that may be associated with any such award, then Habitat agrees to refund any such funding to the Town upon the receipt of a written demand by the Town to return such funding.

6. Notices

All notices required under this Memorandum shall be deemed to have been given if in writing and

- a. delivered personally; or
- b. mailed first class, postage prepaid, to the address of record set forth below, in which case delivery shall be deemed to have occurred two calendar days after the date of postmark.

HILTON HEAD REGIONAL HABITAT FOR HUMANITY

Executive Director
PO Box 2747
Bluffton, SC 29910

TOWN OF HILTON HEAD ISLAND

Town Manager
One Town Center Court
Hilton Head Island, SC 29928

The address of record may be changed by written notice to the other party.

7. Term

The term of this Memorandum of Understanding shall be for a period of five (5) years from the date of its execution. No less than one hundred and eighty (180) days prior to the conclusion of this Memorandum, the Town and Habitat shall meet to discuss any extensions, modifications, or terminations of the same. Changes to this Agreement may be made only with and by the mutual written consent of both Parties. This Agreement and any future requests for funding that are contemplated herein are subject to an annual budget appropriation by the Town Council as part of its Affiliated Agency funding program.

8. Termination

In addition to any other rights of termination set forth in this Memorandum, each party shall have the right to terminate this Memorandum, by written notice to the other party, if the other party is in default of any term or provision of this Memorandum, and the defaulting party fails to cure or correct such default within fourteen (14) days of notice thereof from the non-defaulting party. A party may elect to disregard a default for the period of time without waiving its right to declare a default at a subsequent time or upon reoccurrence of the default. Additionally, either of the Parties may elect to terminate this Agreement for convenience by written notice to the other party, thirty (30) days in advance of such termination.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF, Habitat has caused this Agreement to be signed and sealed this _____ day of _____, 20_____.

**SIGNED, SEALED AND
DELIVERED IN THE PRESENCE
OF:**

**HILTON HEAD REGIONAL HABITAT
FOR HUMANITY**

By: _____
Brenda Dooley
Executive Director

Attest: _____

Print Name: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF _____)

ACKNOWLEDGEMENT

I, the undersigned Notary Public, do hereby certify that Brenda Dooley and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the Hilton Head Regional Habitat for Humanity, Inc.

Witness my hand and seal this _____ day of _____, 20_____.

Notary Public for South Carolina
My Commission Expires: _____

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Town of Hilton Head Island
Calculation of Hospitality Taxes (HTAX) Available Funds
FY23 Actual and FY24 Forecast

	FY23 Actual	FY24 Forecast
Fund Balance - Beginning of Year	19,568,949	24,485,722
Revenue		
HTAX Revenue	10,400,345	10,106,156
Interest Earnings	503,723	900,000
Total Revenue	10,904,068	11,006,156
Transfers Out		
General Fund	(3,218,687)	(5,062,424)
Transfers to HTAX - CIP Expenditures	(1,323,918)	(2,360,000)
Transfers to Debt Service	(1,444,690)	(1,437,133)
Total Transfers Out	(5,987,295)	(8,859,557)
Net Change in Fund Balance	4,916,773	2,146,599
Fund Balance - End of Year	24,485,722	26,632,321

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
BEACH PROGRAM								
B1	Beach Management & Monitoring	\$ -	\$ -	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
B2	Beach Renourishment	\$ -	\$ 150,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 850,000	\$ 150,000
	BEACH PARK IMPROVEMENTS							
	Beach Park Maintenance & Improvements	\$ -	\$ 35,382	\$ 250,000	\$ 250,000	\$ 250,000	\$ 285,382	\$ 35,382
B3	Driessen Beach Park Boardwalk Replacement	\$ 556,000	\$ 577,851	\$ 250,000	\$ 250,000	\$ 806,000	\$ 827,851	\$ 21,851
B4	Folly Field Beach Park Boardwalk Replacement	\$ -	\$ 78,983	\$ -	\$ -	\$ -	\$ 78,983	\$ 78,983
B5	Islanders Beach Park Improvements	\$ 400,000	\$ 400,000	\$ 1,250,000	\$ 1,250,000	\$ 1,650,000	\$ 1,650,000	\$ -
	<i>Total BEACH PARK IMPROVEMENTS</i>	\$ 956,000	\$ 1,092,216	\$ 1,750,000	\$ 1,750,000	\$ 2,706,000	\$ 2,842,216	\$ 136,216
B7	Harbour Town Dredge	\$ 600,000	\$ 600,000	\$ -	\$ -	\$ 600,000	\$ 600,000	\$ -
	Beach Project Management and Contingency	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	TOTAL BEACH PROGRAM	\$ 1,556,000	\$ 1,842,216	\$ 3,000,000	\$ 3,000,000	\$ 4,556,000	\$ 4,842,216	\$ 286,216
PATHWAY PROGRAM								
	Pathway Maintenance & Improvements	\$ 345,000	\$ 592,330	\$ -	\$ -	\$ 345,000	\$ 592,330	\$ 247,330
	NEW PATHWAY SEGMENTS							\$ -
Pa1	Shelter Cove Lane	\$ 260,000	\$ 277,444	\$ 150,000	\$ 150,000	\$ 410,000	\$ 427,444	\$ 17,444
Pa2	Woodhaven Drive/Lane	\$ -	\$ 342,311	\$ -	\$ -	\$ -	\$ 342,311	\$ 342,311
Pa3	William Hilton Parkway EB (Mathews Drive/Folly Field Road to Shelter Cove Lane)	\$ 1,280,000	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000	\$ 1,280,000	\$ -
Pa4	Jonesville Road	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
	William Hilton Parkway EB (Wexford to Arrow Road)	\$ -	\$ -	\$ 1,925,000	\$ 1,925,000	\$ 1,925,000	\$ 1,925,000	\$ -
	Dunnagans Alley (Wexford Drive to Arrow Road)	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Pa6	Cordillo Parkway at Pope Avenue	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
	<i>Total NEW PATHWAY SEGMENTS</i>	\$ 2,040,000	\$ 2,399,755	\$ 2,325,000	\$ 2,325,000	\$ 4,365,000	\$ 4,724,755	\$ 359,755
	Pathway Project Management and Contingency	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
	TOTAL PATHWAY PROGRAM	\$ 2,385,000	\$ 2,992,085	\$ 2,425,000	\$ 2,425,000	\$ 4,810,000	\$ 5,417,085	\$ 607,085
	ROADWAY PROGRAM							
	DIRT ROAD ACQUISITION & PAVING PROGRAM							
R1	Mitchelville Lane	\$ 647,965	\$ 647,965	\$ -	\$ -	\$ 647,965	\$ 647,965	\$ -
R2	Pine Field Road	\$ -	\$ 70,022	\$ -	\$ -	\$ -	\$ 70,022	\$ 70,022
R3	Horse Sugar Lane & Alice Perry Drive	\$ 89,000	\$ 89,000	\$ 300,000	\$ 300,000	\$ 389,000	\$ 389,000	\$ -
R4	Freddie's Way	\$ 343,000	\$ 343,000	\$ -	\$ -	\$ 343,000	\$ 343,000	\$ -
R5	Alfred Lane	\$ 48,500	\$ 48,500	\$ -	\$ -	\$ 48,500	\$ 48,500	\$ -
	<i>Total DIRT ROAD ACQUISITION & PAVING PROGRAM</i>	<i>\$ 1,128,465</i>	<i>\$ 1,198,487</i>	<i>\$ 300,000</i>	<i>\$ 300,000</i>	<i>\$ 1,428,465</i>	<i>\$ 1,498,487</i>	<i>\$ 70,022</i>
	WILLIAM HILTON PARKWAY ENHANCEMENTS							
R10	William Hilton Parkway Gateway Corridor	\$ -	\$ 284,379	\$ 50,000	\$ 50,000	\$ 50,000	\$ 334,379	\$ 284,379
R6	Crosswalk Uniformity - Spot Intersection Improvements	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ -
R7	Crosswalk Lighting - Northridge/Palmetto Parkway Safety Improvements	\$ 295,000	\$ 270,275	\$ 455,000	\$ 479,725	\$ 750,000	\$ 750,000	\$ -
R9	Pedestrian and Vehicular Enhancements	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
R11	Adaptive Traffic Signal Management - all signalized intersections on William Hilton Parkway	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
	<i>Total WILLIAM HILTON PARKWAY ENHANCEMENTS</i>	<i>\$ 1,945,000</i>	<i>\$ 1,204,654</i>	<i>\$ 505,000</i>	<i>\$ 1,529,725</i>	<i>\$ 2,450,000</i>	<i>\$ 2,734,379</i>	<i>\$ 284,379</i>
	POPE AVE., PALMETTO BAY ROAD, ARROW ROAD, & NEW ORLEANS ROAD STREETScape ENHANCEMENTS						\$ -	\$ -
R13	Pope Avenue Streetscape Enhancements	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
R14	Adaptive Traffic Signal Management - all signalized intersections on Palmetto Bay Road & Pope Avenue	\$ 275,000	\$ 275,000	\$ -	\$ -	\$ 275,000	\$ 275,000	\$ -
	<i>Total POPE AVE., PALMETTO BAY ROAD, ARROW ROAD, & NEW ORLEANS ROAD STREETScape ENHANCEMENTS</i>	<i>\$ 275,000</i>	<i>\$ 275,000</i>	<i>\$ 500,000</i>	<i>\$ 500,000</i>	<i>\$ 775,000</i>	<i>\$ 775,000</i>	<i>\$ -</i>
R15	Main Street Enhancements	\$ 75,000	\$ 137,666	\$ 175,000	\$ 175,000	\$ 250,000	\$ 312,666	\$ 62,666
R16	Squire Pope Road Crosswalks	\$ 135,000	\$ 135,000	\$ -	\$ -	\$ 135,000	\$ 135,000	\$ -
	Roadway Maintenance & Improvements	\$ 333,555	\$ 446,946	\$ 352,445	\$ 352,445	\$ 686,000	\$ 799,391	\$ 113,391
	Traffic Signal System Maintenance	\$ -	\$ -	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000	\$ -

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
R17	Wayfinding & Signage Master Plan	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
	Roadway Project Management and Contingency	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	TOTAL ROADWAY PROGRAM	\$ 3,892,020	\$ 3,397,753	\$ 2,312,445	\$ 3,337,170	\$ 6,204,465	\$ 6,734,923	\$ 530,458
PARK PROGRAM								
	PARKS & RECREATION							
PR1	Mid-Island Tract Park	\$ 900,000	\$ 900,000	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -
PR2	Chaplin Community Park Renovation	\$ 1,550,000	\$ 1,550,000	\$ 450,000	\$ 450,000	\$ 2,000,000	\$ 2,000,000	\$ -
PR3	Crossings Park Renovation	\$ 550,000	\$ 550,000	\$ -	\$ -	\$ 550,000	\$ 550,000	\$ -
PR4	Shelter Cove Community Park Expansion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR5	Chaplin Linear Park with Treehouse	\$ 350,000	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ 350,000	\$ -
PR6	Patterson Family Property Park	\$ 1,300,000	\$ 1,300,000	\$ 900,000	\$ 900,000	\$ 2,200,000	\$ 2,200,000	\$ -
PR7	Taylor Family Property Park	\$ 95,000	\$ 95,000	\$ 905,000	\$ 905,000	\$ 1,000,000	\$ 1,000,000	\$ -
PR8	Barker Field	\$ 400,000	\$ 400,000	\$ 100,000	\$ 100,000	\$ 500,000	\$ 500,000	\$ -
PR14	Ford Shell Ring	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	<i>Total PARKS & RECREATION</i>	<i>\$ 5,145,000</i>	<i>\$ 5,145,000</i>	<i>\$ 2,455,000</i>	<i>\$ 2,455,000</i>	<i>\$ 7,600,000</i>	<i>\$ 7,600,000</i>	<i>\$ -</i>
PR9	Island Recreation Association - Capital Projects							
	Rec Center Building Enhancements	\$ -	\$ -	\$ 354,500	\$ 354,500	\$ 354,500	\$ 354,500	\$ -
	Rec Center Pool Enhancements	\$ -	\$ -	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
	Parks/Event Enhancements	\$ -	\$ -	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
	<i>Total Island Recreation Association - Capital Projects</i>	<i>\$0</i>	<i>\$0</i>	<i>\$509,500</i>	<i>\$509,500</i>	<i>\$509,500</i>	<i>\$ 509,500</i>	<i>\$ -</i>
PR10	Public Art Program	\$ 5,000	\$ 4,280	\$ 30,000	\$ 30,720	\$ 35,000	\$ 35,000	\$ -
PR11	GENERAL PARK ENHANCEMENTS	\$ 200,000	\$ 542,669	\$ 110,000	\$ 110,000	\$ 310,000	\$ 652,669	\$ 342,669
PR15	Greens Shell Park Enhancements	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
PR16	Old Schoolhouse Park Enhancements	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
PR17	Bristol Sports Arena	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
	Park Project Management and Contingency	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	TOTAL PARK PROGRAM	\$ 5,350,000	\$ 5,691,949	\$ 3,779,500	\$ 3,780,220	\$ 9,129,500	\$ 9,472,169	\$ 342,669
FACILITIES AND EQUIPMENT PROGRAM								
FE1	Town Hall Facility Enhancements	\$ -	\$ 177,516	\$ 750,000	\$ 750,000	\$ 750,000	\$ 927,516	\$ 177,516
FE26	Town Facilities Improvements Planning	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
FE3	Sprinkler Head Replacement	\$ 180,000	\$ 180,000	\$ 100,000	\$ 100,000	\$ 280,000	\$ 280,000	\$ -
FE27	Furniture Replacement	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
FE28	Generator Replacement	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
	<i>Total Town Hall Facility Enhancements</i>	<i>\$ 180,000</i>	<i>\$ 357,516</i>	<i>\$ 1,250,000</i>	<i>\$ 1,250,000</i>	<i>\$ 1,430,000</i>	<i>\$ 1,607,516</i>	<i>\$ 177,516</i>
FE4	Shelter Cove/BCSO Office	\$ -	\$ 291,451	\$ -	\$ -	\$ -	\$ 291,451	\$ 291,451
FE29	Fire Rescue Training Center Facility Upgrades	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
FE30	Jarvis Pump Station Roof Replacement	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
FE31	SCDOT Toll Plaza Building Demolition	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
FE5	Electric Vehicle Charging Stations at Town Facilities	\$ -	\$ 420	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,420	\$ 420
FE6	Parking Master Plan Implementation	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
	Emergency Access Gates	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
FE7	Coastal Discovery Museum - Capital Projects						\$ -	\$ -
	Discovery House	\$ -	\$ -	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ -
	Armstrong/Hack House	\$ -	\$ -	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
	Pavilion	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
	Discovery Lab	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
	Pavilion/Restroom Building	\$ -	\$ -	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ -

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
	Horse Barn	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
	Misc. Improvements	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
	Hay Barn	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Additional Power Pedestals	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
	Event Space Improvements	\$ 60,000	\$ 60,000	\$ 400,000	\$ 400,000	\$ 460,000	\$ 460,000	\$ -
	<i>Total Coastal Discovery Museum - Capital Projects</i>	\$ 60,000	\$ 60,000	\$ 518,000	\$ 518,000	\$ 578,000	\$ 578,000	\$ -
FE8	Historic Mitchelville Freedom Park - Capital Projects						\$ -	\$ -
	Primary Parking Lot	\$ 50,000	\$ 50,000	\$ 550,000	\$ 550,000	\$ 600,000	\$ 600,000	\$ -
	Loop Road to Visitor's Center	\$ 25,000	\$ 24,549	\$ 125,000	\$ 125,451	\$ 150,000	\$ 150,000	\$ -
	Beach Parking, Pathways, and Playground	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Total Historic Mitchelville Freedom Park - Capital Projects</i>	\$ 75,000	\$ 74,549	\$ 675,000	\$ 675,451	\$ 750,000	\$ 750,000	\$ -
	IT EQUIPMENT & SOFTWARE							\$ -
FE9	Town Hall Equipment & Software							\$ -
	Network Infrastructure Enhancements	\$ -	\$ -	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ -
	Tyler Assist	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
	Recable Town Hall and Shelter Cove Buildings	\$ -	\$ -	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ -
	Cloud Services Enhancements	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	Town Strategic Plan SWOT for Town Connectivity	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
	Applicant Tracking System Replacement	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
	IT Hardware	\$ -	\$ -	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ -

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
FE10	Public Safety Systems Equipment and Software						\$ -	\$ -
	Dispatch Center Equipment						\$ -	\$ -
FE32	CAD System Replacement	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
FE33	Fire Apparatus Technology Equipment	\$ -	\$ -	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ -
FE12	Station Alerting	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
FE34	Weather Stations	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
	<i>Total IT EQUIPMENT & SOFTWARE</i>	\$ 100,000	\$ 100,000	\$ 1,045,000	\$ 1,045,000	\$ 1,145,000	\$ 1,145,000	\$ -
	SECURITY CAMERAS & CONNECTIVITY							\$ -
FE35	Coligny Beach Park/Parking	\$ -	\$ -	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ -
FE36	Fish Haul Beach Park/Parking	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
FE37	Rowing & Sailing Center at Squire Pope Community Park	\$ -	\$ -	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
FE38	Bristol Sports Arena	\$ -	\$ -	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
FE39	Driessen Beach Park	\$ -	\$ -	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
FE40	Historic Mitchelville Freedom Park	\$ -	\$ -	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ -
FE41	Public Safety Cameras	\$ -	\$ -	\$ 54,696	\$ 54,696	\$ 54,696	\$ 54,696	\$ -
	<i>Total SECURITY CAMERAS & CONNECTIVITY</i>	\$ -	\$ -	\$ 390,696	\$ 390,696	\$ 390,696	\$ 390,696	\$ -
FE16	FIRE/MEDICAL SYSTEMS & EQUIPMENT REPLACEMENT						\$ -	\$ -
FE42	Radio & Mic Battery Replacement	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
FE43	AED Replacement	\$ -	\$ -	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
FE44	Fleet Maintenance Equipment	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
FE45	Fire Service Atmospheric Monitors	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
FE46	Personal Protective Equipment Replacement	\$ -	\$ -	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
	<i>Total FIRE/MEDICAL SYSTEMS & EQUIPMENT REPLACEMENT</i>	\$ -	\$ -	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ -

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
FE17	Automobile Place / Modern Classic Motors Site Enhancements	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000
	Fire Hydrant Expansion	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
FE19	Arts Campus Feasibility Study	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -
	STORMWATER PROJECTS						\$ -	\$ -
FE21	Wexford Debris System Design	\$ 38,000	\$ 38,000	\$ 85,000	\$ 85,000	\$ 123,000	\$ 123,000	\$ -
FE22	Gum Tree Road Improvements	\$ 80,000	\$ 80,000	\$ -	\$ -	\$ 80,000	\$ 80,000	\$ -
FE23	Jarvis Creek Outfall	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
FE24	25 Moonshell Road	\$ 42,000	\$ 42,000	\$ 50,000	\$ 50,000	\$ 92,000	\$ 92,000	\$ -
FE25	Cordillo Court Improvements	\$ 50,000	\$ 50,000	\$ 20,000	\$ 20,000	\$ 70,000	\$ 70,000	\$ -
	Palmetto Hall Outfall Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FE47	Lawton Pump Station	\$ -	\$ 980,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 1,330,000	\$ 980,000
FE48	Pump Station Security Cameras	\$ -	\$ -	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
	Total STORMWATER PROJECTS	\$ 310,000	\$ 1,290,000	\$ 550,000	\$ 550,000	\$ 860,000	\$ 1,840,000	\$ 980,000
	Facilities and Equipment Project Management and Contingency	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	TOTAL FACILITIES AND EQUIPMENT PROGRAM	\$ 950,000	\$ 2,238,936	\$ 5,613,696	\$ 5,814,147	\$ 6,563,696	\$ 8,053,083	\$ 1,489,387

TOWN OF HILTON HEAD ISLAND - CAPITAL IMPROVEMENTS PROGRAM FY24

MAP KEY	PROJECTS	FY23 BUDGETED CARRY FORWARD	FY23 ACTUAL CARRY FORWARD	FY24 BUDGETED NEW FUNDS	FY24 ACTUAL NEW FUNDS ACTUAL	FY24 TOTAL ORIGINAL BUDGET	FY24 TOTAL REVISED BUDGET	FY24 TOTAL BUDGET INCREASE
FLEET PROGRAM								
FI3	Town Vehicle Replacement							
	Staff Vehicle Replacement	\$ -	\$ -	\$ 181,000	\$ 181,000	\$ 181,000	\$ 181,000	\$ -
	New Staff Vehicles	\$ -	\$ -	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ -
	<i>Total Town Vehicle Replacement</i>	\$ -	\$ -	\$ 541,000	\$ 541,000	\$ 541,000	\$ 541,000	\$ -
FI4	FR Apparatus & Vehicle Replacement							
	Engine/Pumper Replacement/Quint Company Replacement (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Staff Vehicle Replacement	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
	New Staff Vehicles	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
	Support Vehicle Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Total FR Apparatus & Vehicle Replacement</i>	\$ 7,518,420	\$ 7,489,466	\$ 170,000	\$ 198,954	\$ 7,688,420	\$ 7,688,420	\$ -
	Fleet Project Management and Contingency	\$ -		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
	TOTAL FLEET PROGRAM	\$ 7,518,420	\$ 7,489,466	\$ 811,000	\$ 839,954	\$ 8,329,420	\$ 8,329,420	\$ -
LAND ACQUISITION ADMINISTRATION								
	Land Acquisition Administration	\$ 290,000	\$ 85,041	\$ 110,000	\$ 314,959	\$ 400,000	\$ 400,000	\$ -
	Land Acquisition - 30 Bryant Road, 71 Shelter Cove Lane, Mathews Drive, 72 Pope Avenue, Marshland Road	\$ -	\$ -	\$ -	\$ 11,927,000	\$ -	\$ 11,927,000	\$ 11,927,000
	TOTAL LAND ACQUISITION ADMINISTRATION	\$ 290,000	\$ 85,041	\$ 110,000	\$ 12,241,959	\$ 400,000	\$ 12,327,000	\$ 11,927,000
	TOTAL CIP	\$ 21,941,440	\$ 23,737,446	\$ 18,051,641	\$ 31,438,450	\$ 39,993,081	\$ 55,175,896	\$ 15,182,815

ATTACHMENT 7

AMERICAN RESCUE PLAN FUNDS								
PROPOSED FUNDING REALLOCATION								
American Rescue Plan Funding Appropriations - Approved by Town Council			Allocation Amount Approved by Town Council- August 19,2021	FY2024 Budget Reallocation Approved by Town Council	Revised Allocation Amounts effective FY24		Estimated Funding to Execute Pending Projects	Revised Allocation Amounts
Public Infrastructure (TBD)			1,627,178	(300,000)	1,327,178		(969,158)	358,020
Coummunity Foundation of the Lowcountry Pandemic Impact Grants			1,000,000		1,000,000		-	1,000,000
Town Hall Security and Technology Improvements			1,000,000		1,000,000		-	1,000,000
Workforce Housing Development/Infrastructure								
	Northpoint Workforce Housing*		1,000,000		1,000,000		-	1,000,000
Home Repair-Structural Safety/Removal of Unsafe & Uninhabitable Structures								
	Home Safe and Repair		400,000	200,000	600,000		899,741	1,499,741
	Lateral Sewer Connection		200,000	100,000	300,000		69,417	369,417
Totals			5,227,178	-	5,227,178		-	5,227,178



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council Members
FROM: Josh Gruber, Deputy Town Manager
CC: Marc Orlando, Town Manager
DATE: March 11, 2024
SUBJECT: Consideration of an Ordinance of the Town of Hilton Head Island, South Carolina, Authorizing the Execution of an Easement Encumbering Property to be Owned by the Town of Hilton Head Island, Under the Authority of S.C. Code Ann. § 5-7-40 (Supp. 2023), and § 2-7-20, Municipal Code of the Town of Hilton Head Island (1983); and Providing for Severability and an Effective Date.

RECOMMENDATION:

The Town Council should review the proposed Ordinance authorizing the execution of an easement for access purposes across land to be acquired by the Town of Hilton Head Island as part of the development of Patterson Park.

Summary:

At its meeting on March 5, 2024, the Town Council authorized the Mayor and Town Manager to enter into contract with Herbert Ford to purchase real property located on Marshland Road in connection with the planned development of Patterson Park. The terms and conditions of the March 5, 2024, Contract, obligate the Town to execute and deliver an easement to Herbert Ford authorizing access across the Town Property and the placement of underground utilities and drainage lines on the Town Property.

Under the terms and conditions of the March 5, 2024, Contract, the execution and delivery of the easement is to take place at the Closing of the Town's purchase of the Town Property. In order to lawfully authorize such an action, the Town Council must adopt an Ordinance authorizing the granting the issuance of this easement which is attached hereto as Exhibit "A".

ATTACHMENTS:

1. Draft Ordinance Amending Town Code by Adding Section 8-3-144, Abandoned Watercraft

ORDINANCE 2024-____

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AUTHORIZING THE EXECUTION OF AN EASEMENT ENCUMBERING PROPERTY TO BE OWNED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, UNDER THE AUTHORITY OF S. C. CODE ANN. § 5-7-40 (SUPP. 2023), AND § 2-7-20, *MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA*, (1983); AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

LEGISLATIVE FINDINGS

WHEREAS, on March 5, 2024, The Town of Hilton Head Island, South Carolina, entered into a Contract with Herbert Ford to purchase real property located on Marshland Road from Herbert Ford (hereinafter the “Town Property”); and,

WHEREAS, the terms and conditions of the March 5, 2024, Contract, obligate the Town to execute and deliver an easement to Herbert Ford authorizing access across the Town Property and the placement of underground utilities and drainage lines on the Town Property; and,

WHEREAS, under the terms and conditions of the March 5, 2024, Contract, the execution and delivery of the easement is to take place at the Closing of the Town’s purchase of the Town Property; and,

WHEREAS, the form of the easement to be granted by the Town is attached hereto as Exhibit “A”; and,

WHEREAS, S. C. Code Ann. § 5-7-40 (Supp. 2023) and § 2-7-20, *Municipal Code of the Town of Hilton Head Island, South Carolina*, (1983), require that any lease, conveyance or granting of an interest in real property owned by the Town of Hilton Head Island, South Carolina, must be authorized by Ordinance.

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

Section 1. Execution and Delivery of Easement Encumbering the Town Property:

The Mayor and the Town Manager are authorized to execute and deliver an easement authorizing access across the Town Property and the placement of underground utilities and drainage lines on the Town Property. The easement will be in the form and substance as the document attached hereto as Exhibit "A."

Section 2. Severability.

If any section, phrase, sentence, term or part of this Ordinance is, for any reason, held or deemed to be invalid or unconstitutional by any court of competent jurisdiction, then such section, phrase, sentence or portion shall be deemed a separate, distinct and independent part and shall not affect the remaining parts of this Ordinance.

Section 3. Effective Date.

This Ordinance shall become effective upon adoption by the Town Council for the Town of Hilton Head Island, South Carolina.

PASSED, APPROVED AND ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, ON THIS _____ DAY OF APRIL, 2024.

Alan R. Perry, Mayor

ATTEST:

Kimberly Gammon, Town Clerk

First Reading: March 19, 2024

Second Reading:-----

Approved as to form: -----
Curtis L. Coltrane, Town Attorney

Introduced by Council Member:-----

EXHIBIT “A” TO ORDINANCE AUTHORIZING GRANTING OF
AN EASEMENT ON TOWN OWNED PROPERTY ON FOR
MARSHLAND ROAD

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) ACCESS, UTILITY AND
) DRAINAGE EASEMENT

This Access, Utility and Drainage Easement (this “Easement”) is made and entered into by and between The Town of Hilton Head Island, South Carolina, a body politic (the “Town”), whose address is 1 Town Center Court, Hilton Head Island, SC 29928, and Herbert Ford (“Ford”), whose address is 19 Marshland Road, Hilton Head Island, SC 29926.

WHEREAS, contemporaneously with the execution and delivery of this Easement, Ford has sold to the Town that certain tract of real property containing 0.639 acre, more or less, shown and described as “Lot 9” on that certain plat of survey entitled “A Lot Line Reconfiguration of Lot 9 #19 Marshland Road Mingo Green Estates” prepared by Atlas Surveying, Inc., Jeremy W. Reeder, SCPLS 28139, dated 24 July 2023 and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina (the “ROD Office”) in Plat Book _____ at Page _____ (the “Lot 9 Survey”); and

WHEREAS, Ford is the owner of those certain tracts of real property containing in aggregate 1.419 acres, more or less, and individually (a) containing 0.665 acre, more or less, shown and described as “Lot 13”, and (b) containing 0.664 acre, more or less, shown and described as “Lot 12”, both on that certain plat of survey entitled “Plat of As-Built Survey for Jim Wiley Realty Co. Lots 9, 12 and 13 (2.009 Ac.) Mingo Green Estate” prepared by Sea Island Engineering, Inc., M.A. Dunham, SCPLS 11580, dated 16 April 1997, last revised 12 November 1997, and recorded in the ROD Office in Plat Book 63 at Page 101; and (c) containing 0.090 acre, more or less, shown and described as “Area to be Combined with Lot 13” on the Lot 9 Survey (collectively, the “Ford Tracts”); and

WHEREAS, with the conveyance of Lot 9 by Ford to the Town, Ford desires to save and except from such conveyance the various easement provided for herein for the benefit of the Ford Tracts, and the Town intends to grant and establish such easements for the benefit of the Ford Tracts; and

WHEREAS, this Easement was approved by the Town Council of the Town by way of the adoption of Ordinance No. _____ on _____ 2024;

NOW, THEREFORE, for and in consideration of the conveyance of Lot 9 by Ford to the Town, of Ten and No/100 (\$10.00) Dollars paid in hand by Ford to the Town, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Town and Ford hereby declare, covenant, and agree as follows:

1. Recitals. The above preamble and “WHEREAS” clauses are hereby incorporated as if restated verbatim.

2. The Access Easement. Subject to the terms, conditions, restrictions, and limitations set forth in this Easement, Ford hereby creates, establishes, and reserves for the benefit of the Ford Tracts, and the Town hereby grants, bargains, sells, and conveys to Ford for the benefit of the Ford Tracts, a perpetual, appurtenant, non-exclusive easement for vehicular and pedestrian access (the “Access Easement”) on, over, and across Lot 9; to have and to hold unto Ford, his heirs, successors, and assigns, forever.

A. Nature and Purpose. The Access Easement is for the purpose of providing vehicular and pedestrian ingress to and egress from the right-of-way of Marshland Road, a public road, and the Ford Tracts. The Access Easement is intended to be appurtenant to the Ford Tracts because the parties to this Easement hereby declare that the Access Easement is essentially necessary for the use and enjoyment of the Ford Tracts.

B. Terms, Conditions, and Restrictions. The Access Easement is for the use and benefit of Ford and all other residents on the Ford Tracts, and their respective patrons, guests, licensees, employees, and invitees. The Access Easement is non-exclusive in nature, and the Town has the right to use Lot 9 for any purposes; provided, however, that any such other use by the Town shall not unreasonably interfere with the exercise of the easement rights established herein. Until the Town has completed the construction of an access road from Marshland Road to the adjacent Town Property and the Ford Property substantially in conformance with the plan for the access road shown and depicted on that certain Concept Plan prepared by Witmer Jones Keefer Ltd. dated July 2023, attached hereto as Exhibit A (the “Concept Plan”), Ford shall be entitled to utilize those portions of Lot 9 as have historically been utilized for ingress to and egress from the Ford Tracts. Upon the completion of the access road, the Access Easement shall be limited to those portions of the paved driving surface extending from the right-of-way of Marshland Road to the Ford Tracts. The Town shall have the right from time to time to reconfigure or otherwise alter the design and layout of the

paved driving surface on Lot 9, to relocate the Access Easement to other portions of Lot 9, and to reconstruct and modify the paved driving surface on Lot 9, all without the necessity of obtaining any approval from Ford; provided, however, any such reconfiguration or alteration of the design and layout of the paved driving surface on Lot 9, or any such relocation of the Access Easement shall not have material, adverse impacts upon physical access through Lot 9 to and from the right-of-way of Marshland Road and the Ford Tracts as contemplated by this Easement, or with any other existing easements, granted herein or otherwise. No portion of the Access Easement may be used by Ford for vehicle parking.

C. Maintenance. The Access Easement, including the paved driving surface, shall be maintained by the Town; provided, however, that Ford shall be responsible for any act or omission of his own and of his tenants, and each of their respective employees, agents, contractors, subtenants, guests, patrons, or invitees that results in the need for extraordinary repairs or maintenance to any portion of the Access Easement, including the paved driving surface, and for all costs incurred in connection with such extraordinary repairs or maintenance.

3. The Utility and Drainage Easement. Subject to the terms, conditions, restrictions, and limitations set forth in this Easement, Ford hereby creates, establishes, and reserves for the benefit of the Ford Tracts, and the Town hereby grants, bargains, sells, and conveys to Ford for the benefit of the Ford Tracts, a perpetual, appurtenant, non-exclusive easement for the installation and maintenance of underground lines, wires, pipes, drainage pipes, and other facilities for water and sanitary sewer utility services, electrical utility services, telephone utility services, CATV and fiber optic utility services, and stormwater drainage services (collectively, the “Utility and Drainage Easement”) on, over, and across that portion of Lot 9 that is described as follows:

That certain area that is twenty (20') feet in width running in a generally north to south direction from the right of way of Marshland Road on Lot 9 to the common boundary of Lot 9 and Lot 13 of the Ford Tracts located twenty (20') feet from and parallel to the current common boundary of Lot 9 and the adjacent property owned by the Town of Hilton Head Island, South Carolina (the “Utility Easement Area”); provided, however, that the owners of Lot 9 and the Ford Tracts may agree to alter the configuration of the Utility Easement Area on such terms as they may deem appropriate.

to have and to hold unto Ford, his heirs, successors, and assigns, forever.

A. Nature and Purpose. The Utility and Drainage Easement is for the purpose of providing water and sanitary sewer utility services, electrical utility services, telephone utility services, and CATV, underground drainage pipes and

fiber optic utility services from the right-of-way of Marshland Road to the Ford Tracts. The Utility and Drainage Easement is intended to be appurtenant to the Ford Tracts because the parties to this Easement hereby declare that the Access Easement is essentially necessary for the use and enjoyment of the Ford Tracts.

B. Terms, Conditions, and Restrictions. The Utility and Drainage Easement is for the use and benefit of Ford and all other residents on the Ford Tracts. The use of the Utility and Drainage Easement for utility services shall be limited to those portions of Lot 9 without vertical improvements which may be necessary to make connections to utility services lines, wires, and pipes, where such lines, wires, and pipes are located from time to time, and includes the right to reconstruct, maintain, and operate existing underground lines, wires, pipes, pumps, valves, and other improvements necessary in order to provide utility services to the Ford Tracts from the right-of-way of Marshland Road, but only to the extent that any such connections are approved in writing by the applicable utility service provider.

C. Maintenance. Ford shall be solely responsible for the cost of installation, construction, maintenance, repair or replacement of any utility facilities installed within the Utility Easement Area by him.

D. Duty to Restore. Following the installation or construction of any utilities allowed under the terms and conditions of this easement, or the maintenance, repair or replacement of any such utilities, Ford shall restore any part of the Town's property or facilities damaged by such installation, construction, maintenance, repair or replacement of such utilities to its pre-existing condition.

4. Additional General Terms, Conditions, and Restrictions. The parties to this Easement hereby further covenant and agree as follows:

A. Non-exclusive Easements. All of the easements granted herein are non-exclusive in nature, and the Town reserves the right to use any and all portions of Lot 9, including, without limitation, the portions of Lot 9 that are subject to the easements granted herein, as it may deem appropriate in its sole discretion, and to grant other easements of any nature on, over, or across any and all portions of Lot 9; *provided, however*, any such use shall not unreasonably interfere with the exercise of the easements and rights established herein.

B. Breach Not Termination; Attorney's Fees. No breach or violation of any of the provisions of this Easement shall entitle any party to cancel, rescind, or terminate this Easement. No breach or forbearance of remedies shall affect in any manner any rights or remedies any party may have under this Easement, and each

party retains all rights at law and in equity, except as otherwise provided for herein. If any party undertakes legal action to enforce any right or remedy under this Easement, the prevailing party in any such action, suit, arbitration, or mediation shall be entitled to recover its reasonable costs and expenses in connection with such legal action and related appeal, including, but not limited to, court costs and reasonable attorney's fees.

5. Miscellaneous. This Easement shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, successors, and assigns. In the event any provision hereof is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provisions hereof. This Easement may not be modified except by written modification executed by the parties. This Easement shall be construed, governed, and interpreted in accordance with the laws of the State of South Carolina.

[Signature pages follow]

IN WITNESS WHEREOF, Herbert Ford has signed and sealed this Access, Utility and Drainage Easement on _____ 2024.

SIGNED, SEALED, AND DELIVERED IN THE PRESENCE OF:

_____(L.S.)
Herbert Ford

STATE OF SOUTH CAROLINA	)	
	)	ACKNOWLEDGEMENT
COUNTY OF BEAUFORT	)	

I, the undersigned Notary Public, do hereby certify that Herbert Ford personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal on _____ 2024.

_____(SEAL)
Notary Public for South Carolina
My Commission Expires: _____

IN WITNESS WHEREOF, The Town of Hilton Head Island, South Carolina, a body politic has caused this Access, Utility and Drainage Easement to be signed and sealed on _____ 2024.

SIGNED, SEALED, AND DELIVERED IN THE
PRESENCE OF:

The Town of Hilton Head Island, South Carolina, a
body politic

By: _____(L.S.)
Allen R. Perry, Mayor

Attest: _____(L.S.)
Marc A. Orlando, Town Manager

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

ACKNOWLEDGEMENT

I, the undersigned Notary Public, do hereby certify that Allen R. Perry and Marc A. Orlando personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal on _____ 2024.

_____(SEAL)
Notary Public for South Carolina
My Commission Expires: _____