# Town of Hilton Head Island
# TOWN COUNCILMEETING
# 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 pat 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).**

<u>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</u>

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.

Approved: March 19, 2024

Kimberly Gammon

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**