



# Town of Hilton Head Island TOWN COUNCIL WORKSHOP MEETING Monday, September 16, 2024, 1:00 PM Minutes

## Call to Order

Mayor Perry called the workshop to order at 1:00 p.m.

Council Members present: Alan Perry, Mayor, David Ames, Ward 3, Mayor Pro-Tempore; Alex Brown, Ward 1; Patsy Brison, Ward 2; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Glenn Stanford, Ward 6

Also present: Marc Orlando, Town Manager; Curtis Coltrane, Town Attorney; Kimberly Gammon, Town Clerk

## Adoption of the Agenda

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

## Workshop Discussion

Mayor Perry stated there were several items to cover in the workshop and there was a good chance they will not be able to complete all of them. He stated the items that are not covered will be brought back on a future agenda.

Mr. Orlando stated the elements that are scheduled to be discussed are embedded in the Strategic Plan, as a part of the element of the Growth Management Section. He noted these are priority elements of the Land Management Ordinance (LMO) to update and followed by the overall code update. He explained a great portion of what will be discussed are procedural policy elements that will assist in how the Town does business from a development review procedure process and provide clarity to staff and the public. He explained Council members have provided input, and the purpose of the workshop is to obtain further guidance from Council for moving forward. He introduced Shawn Leininger and Missy Luick to conduct their presentation.

## Management Ordinance and Municipal Code - Missy Luick, Director of Planning

### Short-Term Rentals - Enforcement & Fines & Parking & Occupancy

Ms. Luick and Mr. Leininger conducted a presentation providing the following information:

What we've heard:

- "Address parking under Short-term Rental Ordinance and not a one-size fits all approach island-wide"
- "Move STR Parking & Occupancy to the Priority Amendment Set instead of the LMO Overhaul"

- “We support a method for enforcement and fines”
- “STR should be in a single topic area and follow its own timeline since it's part of the Municipal Code”
- “Should we have caps on the number of allowable STRs?”
- “We need to strike the right balance between reaping the benefits of the STR market and mitigating its negative externalities on the housing market and built environment”
- “We need to define occupancy”

#### Key Issues:

- Need the ability to manage property owners who violate Short-Term Rental regulations through escalating fines instead of criminal charges.
- Need the ability to manage property owners who operate a Short-Term Rental property without a valid permit with fines that are greater than the cost of a permit.
- Short-Term Rental properties and over occupancy can inconvenience permanent residents who have expressed concerns about parking, noise pollution, trash collection, and other consequences.
- The increase of Short-Term Rental properties can skew the rental and homeowner market and create challenges in maintaining permanent residents.
- High occupancy homes do not have fire safety mechanisms.
- Homes are being built for the purpose of STR resulting in structures that are out of scale and context with existing neighborhoods.

Ms. Luick conducted an overview of the short-term rental locations and complaints Island-wide; short-term rental parking and occupancy data; short-term rental fee comparisons; short-term rental parking, occupancy and penalty comparison; and best practice considerations and reviewed the following priority amendment recommendations and input from Council members:

#### Enforcement & Penalties

- Establish a framework of administrative fines (instead of criminal citations) that escalate up to \$2,000 per offense per day to penalize property owners who do not comply with regulations, particularly as it concerns repeat offenders and those who operate a Short-Term Rental property without a valid permit.
- Increase STR permit fees to follow other industry examples
  - \$250 for 1-4 Bedrooms
  - \$1,000 for 5-7 Bedrooms
  - \$2,500 for 8-10+ Bedrooms

#### What staff heard from Town Council:

- Ensure the Short-Term Rental Official has clear directive in issuing an administrative fine (i.e., 1st Offense is \$500, 2nd Offense is \$1,000, and 3rd offense is \$2,000).

#### Occupancy & Parking

- Provide until January 1, 2026 to comply for the following:
- Establish occupancy limits based on the number of bedrooms.
- Require minimum of 2 parking spaces or 1 parking space per bedroom for

- single- family home STR's.
- Restrict occupancy to available parking (i.e., if a 6-bedroom STR has 5 parking spaces, occupancy would be limited to 12 persons instead of 14). State where parking is permitted (garage, driveway, or designated parking pad meeting requirements).
- Require fire and smoke alarm systems in high occupancy homes exceeding 3,600 square feet of living area.
- Require permit number to be included all rental listings.
- Require trash collection service be in place.

What staff heard from Town Council:

- Planned Development POAs are regulating parking.
- Parking should be based on occupancy to ensure a more equitable requirement regardless of number of bedrooms.
- Parking is most critical.
- Occupancy enforcement is challenging.
- Should we account for the size of the home in regulating occupancy? Required inspections would help ensure compliance.
- Consider additional time to phase in changes for existing STRs. New STRs need to be compliant at time of permit issuance.
- Need to address mass, scale, and impact to existing neighborhoods.

What staff heard from the STR industry:

- The occupancy restriction and required parking is generally manageable provided it is reasonable and owners/ managers have time to adjust to it if necessary.
- Additional persons per property needs to be considered for larger homes that are likely to have multiple beds per bedroom (i.e., 4 persons per home for 5-7 bedrooms, and 6 persons per home for 7 or more bedrooms).
- Alternatively, allowing 2.5 persons per bedroom plus 2 per property would at least meet or just exceed the average reported occupancy of units.
- One parking space can generally accommodate 4 persons for occupancy.

Additional Future Considerations:

- Consider establishing a cap on the number of STR permits issued by number of bedrooms.
- Currently nearly 49% of all 1-bedroom and nearly 32% of all 2-bedroom units on the island are STRs.
- High number of bedroom homes can conflict with neighborhood mass and scale.
- Consider limiting areas where STR permits can be issued.
- Consider restriction from STR properties to hold commercial events (i.e., weddings).
- Consider requiring a mandatory STR inspection every 2 years.
- Consider options to require or support flex move-in / move-out alternatives (non-Saturday)
- Consider establishing a cap on the number of STR permits to be issued.

Council members held discussion, asked questions and made comments regarding: confirmation there is no distinction between single-family occupied or single-family short-term rentals when applying for a building permit; inquiry as to requirements for fire safety equipment; support for the cost of a short-term rental permit being based on the size of the home; an observation that annual inspections should be required for all short-term rentals; a suggestion to add an additional fee for the inspections; a suggestion to analyze the possibility of the STR fee being revenue generated; a suggestion to change the noise ordinance to be in line with noise ordinances in gated communities; concern and the need for regulations for large STR's becoming party houses for family members/friends staying in other units; confirmation complaints are issued to the owner and tracked accordingly and cumulatively; a suggestion occupancy be limited to 2 people per bedroom; concern over increasing the allowable number of persons per bedroom based on size of the room; question regarding the possible need for a short-term rental cap; concern over STR's holding commercial events; the need to stagger check-in and check-out days; the need for a relationship with gated communities regarding enforcement; confirmation repeated offenders can have their permit suspended; the need for balance between Island character and business practice; the need for a municipal court; appreciation to staff for reaching out to all of the community; an opinion that STR regulations are added to the municipal code; a suggestion staff reference the entire municipal code regarding parking for STR's; revocation or suspension of permits need tracked along with code violations; the need for clear direction on penalties; the need for control of STR's; a request the Mayor place this item on the Town Council agenda schedule as soon as possible; the need to be mindful of software adjustments as well as the time frame for the permitting process; the need to distinguish condos from single-family dwellings; the need for data regarding occupancy for condos; the need to encourage adequate parking as opposed to more; the need to prohibit parking in the adjacent rights-of-way, buffer areas, setback areas and enforce the penalties; and the need to implement safety inspections for all STR properties.

Mayor Perry asked for public comment.

Teresa Duncan addressed Council suggesting reaching out to property managers and the properties involved regarding regulations in various communities.

Dru Brown addressed Council regarding the occupancy cap and number of cars allowed. He stated that asking people to change the amount of people they sleep is getting into owner use rights and will have a negative impact on ATX dollars.

Beth Petra addressed Council stating the STR's that have six or more bedrooms will be hardest hit by the occupancy cap. She suggested finding a way to handle it with just parking as opposed to occupancy.

Mike Alsco addressed Council encouraging them to not regulate arrival and departure days. He added that a municipal court is important to hold guests and owners accountable and the occupancy max should be factored in with the scale of the home.

Michael Sackheim addressed Council suggesting that all STR's have decals in their windows identifying the home as an STR and the maximum occupancy allowed, and management companies need to be co-responsible for the fines issued for violations.

Mayor Perry invited Council to make further comments.

Ms. Becker stated she would like the occupancy piece with regard to parking removed and relate the parking to the number of bedrooms. She added that noise and fire and safety concerns should be a priority, as well as enforcement of occupancy rules. Ms. Becker noted the need for some sort of signage recognizing the unit is a STR with the license number on it so it can be referenced along with complaints. She added that there needs to be a deadline for permits and if they don't meet the deadline, they just don't get their permit that year.

Ms. Bryson suggested Council move forward with the following: the need for a municipal court; address this on the municipal code track; civil penalties including some standards and revocation or suspension; increase the fees based on the number of bedrooms as the staff has suggested; utilize the suggested effective date, provided it will affect new permits as adopted; move as fast as we can with regard to local business needs and staff needs regarding software adjustments; and move forward with the parking measure suggested by staff, but include some sort of maximum which would be included in the draft ordinance; move forward with the occupancy measure of 2 per bedroom plus two as suggested by staff.

Mr. Brown suggested moving along the same fast track planning for the municipal court due to budget discussions coming up in January. He stated 40% of the complaints are regarding parking so they are on the right track. He added that occupancy is more of a marketing expectation as opposed to being able to enforce it.

Mr. Alfred stated he was in favor of staff coming back to Council with an ordinance for them to deal with these matters so they can continue the discussion in connection with that.

Mr. Stanford stated he was in agreement with Mr. Alfred.

#### Northpoint Public Private Partnership Terms

Development Agreement approved by Town Council on June 18, 2024 Project Scope:

1. 11 acres of Town-owned property located close to HHI schools, the Island Rec Center, and the Boys and Girls Club
2. Energy efficient sustainable neighborhood with high-quality architecture and construction
3. 150 – 170 rental units, consisting of one-, two- and three-bedroom apartments
4. Amenities and programming that prioritize the well-being and quality of life of residents
  - o Onsite property management
  - o Community building with high-speed internet
  - o Pool and outdoor communal spaces with grilling, pavilions, seating, and playground
  - o Walking trails, indoor and outdoor fitness stations and a community garden
  - o Laundry appliances within each individual unit

### Workforce Affordability:

1. Essential workforce, such as teachers, first responders, health care providers, and hospitality workers
2. 60% to 150% of Area Median Income (AMI), with at least 50% of households earning less than 80% AMI
3. Affordability Covenants

#### ●Town role and responsibility:

Long-term support and project vision 65-year ground lease  
\$1M in eligible project costs (ARPA)  
Affordability covenants to maintain workforce housing in perpetuity  
Zoning entitlements

#### ●OneStreet Residential role and responsibility: Design and permitting

Financing, project management, and construction  
Lease-up  
Long-term programming Property management

### Identified Zoning Entitlement Options

#### ●Waterfront Mixed-Use (WMU) District

- Proposed development conforms to all zoning requirements
- More restrictive development standards are established in Development Agreement and Town property ownership

#### ●Waterfront Mixed-Use (WMU) District with Planned Development Overlay (PD-2)

- Proposed development conforms to all zoning requirements
- PD-2 Overlay provides “belt and suspenders” approach whereby the more restrictive development standards established in the Development Agreement and Town property ownership become part of the property zoning

#### ● Moderate to High Density Residential District (RM-12) with Workforce Housing Density Bonus - RECOMMENDED

- Proposed development meets nearly all zoning requirements Does not conform to density and intensity requirements of RM-12
- Workforce Housing Program zoning standards would need to be amended to add RM-12 as an eligible zoning district and provide for a 25% density bonus up to 15 dwelling units per acre and impervious cover increase from 35% to 50% - recommend have frontage on a major arterial and a minimum lot size (5 acres).

Mayor Perry stated he was in favor of moving forward with staff recommendations.

Mr. Brown stated he feels there is a need to continue with the momentum that has been gained. He supported RM12 and trying to tweak it to help with the project. He noted that even though changes have been made to the LMO to encourage development of workforce housing, it has not been productive. He expressed concern with the impervious cover increase and asked if there was a way to mitigate it with some pervious opportunity. He stated he supports staff recommendations.

Ms. Bryson stated she agreed with the staff recommendation. She noted that in looking at the areas that are zoned RM12, they are long major corridors, which is where we need to provide workforce housing to be compatible with the kinds of transportation we might be looking towards in the future. She added that she likes adding the possibilities of workforce housing in other zoning districts. Ms. Bryson was in agreement with Mr. Brown regarding the concern of increasing impervious areas and suggested reviewing it again to see if there is a need to increase it because it might apply to other projects, and we don't want to encourage impervious cover increases.

Mr. Ames stated he was in agreement with moving forward because he suspects that the district plans will suggest that these areas make eminent sense for the higher density with workforce housing. He stated he is going to encourage workforce housing in areas that are concentrated and feels the Northpoint site developed as proposed is a win for the community.

Mr. Alfred concurred with staff recommendations on the RM12 approach.

Ms. Becker stated her opposition to government involvement in workforce housing and stated the need to take advantage of other opportunities. She suggested that provisions with regard to the density bonus and the impervious increase be taken out of the Palmetto Village location. She noted the concern over issues with flooding and drainage with the increase.

Mr. Stanford stated that with approving the Northpoint project and development agreement, an obligation of the Town is to get the property zoned appropriately. He spoke in support of staff recommendations.

Mayor Perry asked for public comment.

Cliff McMackin addressed Council encouraging them to reevaluate and consider changing Palmetto Village as an RM12 so they can continue with Phase 2 of the development.

Ellen Whaley addressed Council regarding voicing her concerns with increasing the impervious from 35% to 50%. She stated zoning needs managed to the realities of the physical infrastructure.

Daniel Anthony addressed Council stating his concern for flooding. He expressed concern with safety and traffic due to development in Ward 1 area.

#### Single Family Mass, Scale, & Parking

What staff heard:

- "Single-Family Mass & Scale is typically an issue when a home meant for a single-family occupant is built and rented as a Short-Term Rental"
- "New builds are out of scale with surrounding neighborhood communities"
- "Small lots are being approved in Major Subdivisions for large, out-of-scale homes"
- "Single-Family parking is typically an issue when a home meant for a single-family occupant is built and rented as a Short-Term Rental"

Key Issues:

- Some new houses are out of scale with existing neighborhoods due to high demand for large Short-Term Rental properties.
- High lot coverage, limited parking and increasing stormwater runoff.
- Projections in setbacks and building height calculation.
- Lack of limits on fill permitted to be placed on lots.
- Higher occupancy Short-Term Rentals tend to have spillover parking.
- Larger homes tend to cover more of the lot, limiting space available for parking.
- Need to balance providing adequate space for parking with lot coverage.

Questions for Town Council:

1. As a priority amendment, should we reduce building height and/or change how building height is calculated? Currently height is measured from pre-development grade or 13 feet above mean sea level instead, whichever is higher? Further, should this be island-wide or based on Zoning District, location, lot size, or context of the neighborhood?
2. As a priority amendment, should we limit allowed projections into setbacks and maintain building separation at the established setback lines on the side and rear property lines?

What staff heard from Town Council:

- Changes need to apply to existing subdivisions where possible. Current building heights are too high.
- There needs to be more light, air, and separation between units. Need to increase setbacks.
- Need to establish minimum lot sizes.

Full LMO Update Recommendations:

- Evaluate mass and scale controls island-wide to understand impacts to new and existing lots.
- Continue to evaluate effectiveness of FAR in Island neighborhoods.
- Create comprehensive analysis of existing building and lot sizes to right-size approach in different areas.

Next Steps- Pending Town Council direction this item may be advanced for priority amendment. Otherwise, this will be part of the full LMO amendment.

Council members held discussion, asked questions and made comments regarding: concern over 5 foot setback in many areas; the need to judge height based on the pre-development grade; foundation height needs to be considered; different height properties can cause flooding issues on adjacent properties; a suggestion building height come out of the district planning process; a suggestion to go with the most restrictive way to measure height Island wide; a suggestion to eliminate allowable encroachments; the need to look at current FAR allowances area by area; a suggestion to increase setbacks, a suggestion for an overall height reductions; the need to take into consideration setback exemptions in some areas; height calculation needs to be dealt with through a great deal of thought; and lot size and shape needs to be a consideration regarding setbacks.

Mayor Perry asked for public comment:

Daniel Anthony addressed Council and inquired as to when RM4 and the density will be addressed. It was confirmed by staff that it would take place during the full rewrite of the LMO.

Frank Babel addressed Council expressing concerns about mass and scale, impervious surfaces and water runoff.

Tai Scott addressed Council and encouraged them to keep the efforts and recommendations of the Gullah Geechee Task Force at the forefront.

Amy Fee addressed Council regarding her concern for the character of the Forest Beach neighborhood due to mass and scale issues.

### Commercial Mass & Scale

What staff heard:

- “Large scale buildings are out of character for majority of the multi-family residential areas on the Island”
- In 2018-2019, the Planning Commission received citizen comments requesting text amendments to the LMO to address large buildings in the Resort Development District.
- In 2020, the Planning Commission's Land Management Ordinance Committee requested that the Design Review Board (DRB) review the design standards within the Resort Development District and the Coligny Resort District.
- On March 10, 2020, the DRB recommended the following:
  - Require foundation planting around the perimeter of the building
  - Eliminate the narrower buffer option for buildings over 35' in height
  - Require an additional buffer width for buildings over 50' in height
  - When a building is 35'-50' in height, require a minimum of 6-inch caliper trees in the buffer
  - Require more conservative setback angles
  - Explore building height reduction in RD district and other zoning districts
  - Explore creating different RD districts based on surrounding community characteristics

The DRB also identified projects of concern for the LMO Committee's consideration:

- 15 Wimbledon
- 55 Gardner Drive
- Bayshore
- Boathouse storage on Squire Pope Road
- Ocean Oak Resort by Hilton
- Shelter Cove Waterwalk Apartments
- In March 2021, the DRB Chairperson wrote a letter to the Town Manager and Planning Commission Chair raising concern related to the building massing and scale on recent developments and their nonconformity with Island Character as defined in the Design Guide. Recent developments cited in the letter were:
  - Mitchelville Beachfront (DRB-001801-2020)

- 55 Gardner (DRB-002262-2019)
- 15 Wimbledon Court (DRB-002029-2018)
- The March 2021 letter further requested that the Planning Commission consider the recommendations to determine if adjustments to the LMO are warranted, specifically:
  - Review of allowable building heights, setbacks and buffers to determine if they are effective at maintaining Island Character
  - Consider the DRB's ability and jurisdiction to impose limits or requirements on structures that are not in keeping with Island Character
  - Consider adding to the LMO and Design Guide a mandatory interior landscaped buffer of a minimum depth of 3' with incremental increases up to a total depth of 9' based upon the number of stories

#### Key Issues:

- Some new multi-family and commercial developments are out of scale with the existing built environment.
- Over the past several years, it has been noted by the Design Review Board that the height of some new developments is out of character with surrounding neighborhoods and landscaping requirements are inadequate.

#### Questions for Town Council:

1. As a priority amendment, should we reduce building height and/or change how building height is calculated? Currently height is measured from pre-development grade or 11 feet above mean sea level instead, whichever is higher? Further, should this be island-wide or based on Zoning District, location, lot size, or context of the neighborhood?
2. As a priority amendment, should we limit allowed projections into setbacks and maintain building separation at the established setback lines on the side and rear property lines?
3. Does this seem like the right approach for Commercial Mass & Scale?
4. In addition to height, should buildings be regulated by width and visibility from the waterfront and major corridors?

#### What staff heard from Town Council:

- Current building heights are too high.
- There needs to be more light, air, and separation between units. Need to increase setbacks.
- Need to establish minimum lot sizes.
- There should be a relationship between height and proximity to the street and boundaries (lower closer to the street and boundaries of property).

#### Full LMO Update Recommendation:

- Consider creating a building story maximum for multi-family, commercial, and mixed used developments in appropriate Zoning Districts.
- Evaluate mass and scale controls island wide.

- Determine feasibility and application for interior, commercial buffer type(s) that meet Island- character.

Next Steps- Pending Town Council direction this item may be advanced for priority amendment. Otherwise, this will be part of the full LMO amendment.

Create comprehensive analysis of existing building and lot sizes to right-size approach in different areas.

Council members held discussion, asked questions and made comments regarding: the need to encourage investment in redevelopment; a suggestion to eliminate the projects list; the need to eliminate the resort district exception regarding increasing height to 75 feet; the need to improve what exists in the LMO at this time; the need to move forward with a reduction of the number of floors that are allowed in a commercial building; this issue is complicated and relates to the district planning; the need to give the DRB the tools they need to do their job; the need to remove commercial uses in a residential neighborhood; the need to adjust the flood zone height from 11 feet to 13 feet; the need to widen setbacks; and the need to be careful about redevelopment guidelines.

Mayor Perry asked for public comment.

Jocelyn Staigar addressed Council noting that no one size fits all in this area and real estate, tourism and military are the economic drivers.

Daniel Anthony addressed Council stating the rewrite of the LMO in 2014 is the reason we have the current problems.

Tai Scott addressed Council noting opportunities were not given to the Gullah Geechee residents and they should be a priority when making these decisions.

Amy Fee addressed Council regarding the need to achieve balance for residents, tourists and commercial businesses.

Ellen Whaley addressed Council regarding the need for criteria regarding decisions rather than general comments. She stated there is a need to see how decisions are being made.

#### Adaptive Re-Use Hotel/Motel

What staff heard:

- "We need housing that's accessible and flexible to meet the needs of the community"
- "We have aging hotels/motels on the Island that investors have inquired about converting to housing, but our commercial conversion requirements do not allow for a 1:1 room to dwelling unit conversion ratio"
- "The existing commercial conversion requirements does not require open space or amenity space for residents"

Key Issues:

- Currently there is no allowance for hotel conversion into multi-family at a 1:1 conversion ratio.
- Adaptive re-use is zoning tool for revitalizing underutilized or vacant buildings, transforming them into valuable community assets.

Priority Amendment Recommendations:

- Create adaptive re-use program to allow hotel/ motel conversions into multi-family housing units.
- Adaptive Re-use housing units shall not be short-term rental properties.
- Allow a 1:1 hotel/ motel room to multi-family dwelling unit density conversion if the following criteria is met:
- Units shall meet minimum requirements for safe, sanitary dwelling units including a kitchen, bathroom, storage space and living space.
- 6% of building interior is communal space; 10% exterior common open space; and

Site parking meets developer data standards per Section 16-5-107.D.2

What staff heard from Town Council:

- Ensure that a kitchen facility is a requirement of the unit.
- Require the property be maintained to at a minimum level of care (i.e., International Property Maintenance Code),
- Have standards for communal space to ensure it is communal, functional, and with purpose. Applicability- Adaptive Re-use only applies to existing hotels and motels in place at the time of this amendment

Full LMO Update Recommendations:

- Explore adaptive re-use program for other conversions such as timeshares, vacant commercial or light industrial.

Next Steps- This amendment has been drafted and is ready for legal review, pending any changes.

Council members held discussion, asked questions and made comments regarding: the need to move forward with this item and staff recommendations; inquiry as to whether this is to be market rate housing; confirmation it could be market rate housing but based on unit sizes it will likely be below market rate; clarification there is no area median income requirement as proposed; a concern that the Town's priority is not being met with this kind of conversion; a concern there is no benefit to the overall community; concerns regarding parking; a request for clarification regarding communal space and the need for an example of such; a request for an area map of where these types of hotels/motels currently exist; and the need for examples.

Mayor Perry asked for public comment.

Chris Breen of Blue Hour Housing addressed Council stating they are focused on workforce housing, hospitality conversions across the United States with an opportunity to develop here on Hilton Head Island. He noted the units would have everything residents would need including full kitchen facilities.

Frank Babel addressed Council in support of the conversions noting people are looking for a place to stay and units do not have to be large. He encouraged Council to be creative.

Miss Luick stated staff will do some case studies and analyses along with looking at livability components and bring it back to Council.

Public Comment - Non Agenda items

None

Adjournment

The meeting was adjourned at 4:42 p.m.

**Approved: October 15, 2024**

  
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](http://www.hiltonheadislandsc.gov)