

WORKFORCE COALITION

To address Affordable Workforce Housing
Development in Southern Beaufort County

3 W's

- What are we doing?
 - Uniting leaders in the private industry and civil services to spearhead a coalition that will advocate for Town of Bluffton and Town of Hilton Head to take measurable steps to increase workforce housing availability.
- Why are we doing it?
 - Because our community has continued to grow in population and demand for services while at the same time affordable workforce housing options have dwindled and public officials are only recently addressing solutions.
- Where do I fit in?
 - As a voice to help sculpt the platform of this coalition and then to advocate for its acceptance in the community and implementation by local town officials.

Topics

- Synopsis of Workforce Housing Research & Municipal Meetings
- South Carolina Restaurant & Lodging Association (SCRLA) Update
- Recommendation for Platform of this Coalition
- Implementation and Marketing
- Request for Participation

Overview

- The lack of affordable workforce housing has become a leading concern for business, education and medical services throughout southern Beaufort County
- The Town of Hilton Head is under increasing pressure from local media and residents to address the issue and has begun to offer solutions
- The Town of Bluffton has taken steps over the past few years to address the issue, most notably designating an Affordable Housing Committee as a subset of their town council

Effect to Business and Civil Services

- Reduced access to qualified workforce
- Rapid wage & overtime increases
- Increased turnover
- Increased operating costs
- Reduced hours of operation or service
- Inadequate staffing levels to meet demand

How we got here

- 1984 Town of HHI was incorporated because of unregulated development north of the broad river
 - Development was highly restricted on HHI and no master plan was put in place
- Apartment complexes were converted to condominiums pre 2009
- Short term rental market has soaked up traditionally long term rental market inventory
- Town has purchased a tremendous amount of land to take out of development pool
- Competition for low to medium income workforce increased as Bluffton has grown
 - Now they are facing the same issue of a lack of available workforce attributable to lack of affordable housing

Local Obstacles of Development

Hilton Head Island

- Zoning density restrictions
- LMO
 - Height restrictions
 - Wetland restrictions, easements and parking
- 70% of town owned land is protected from development
- Cost of land
- Local residents don't want affordable housing in their neighborhood (NIMBY)
- Pressure on town council for previous deed restrictions
- Traffic and public infrastructure impact

Bluffton

- Zoning
 - 96% of land is in development agreements which must be changed for zoning to be altered
- Zoning Density
- Does not own much land
- Traffic and public infrastructure impact

General Obstacles of Development

- The state of South Carolina does not allow tax abatements
- The state regulates that impact fees must be uniform and the county collects these fees, not the municipality

HHI Opportunities for Development

- 30% of town owned land is marked for development
- Private investment is lined up
- Density bonuses have been awarded historically
 - Look at SCTC
 - Time share resorts



HHI Opportunities for Development

- Public Planning Commission has taken a leadership role on town council in advancing the workforce housing agenda
 - Town has approved dedicated staff member
 - Redevelopment of dilapidated commercial properties
 - Development of criteria for floating overlay zones to support higher density/mixed use development
 - LMO changes
- Committed to development of 25 units by 2018

Bluffton Opportunities for Development

- Have already begun incentivizing developers through public infrastructure development
- Council is prepared to work through zoning density
- Prepared to buy land for development
- Has identified target zones for AWHD
- Private development is prepared to invest

VARIETIES OF HOUSING PRODUCTS

Type	Description	Monthly Cost	Target Employee	Monthly Income	Percent Income
Dormitory	College style, 2X bed/room, shared baths	\$400 - \$800 ¹	J-1/H2B, College Interns	\$1,957 ²	20.4% - 40.8%
Micro-Apartment	270-370 sq ft, bath, single occupancy	\$600 - \$900 ³	Seasonal Workers	\$2,400 ⁴	25% - 37.5%
Garden Apartment	3-4 story, 230-300 units, 1-2 BR	\$1,100 - \$1,200 ⁵	Permanent Skilled Employees	\$3,200 ⁶	34.4% - 37.5%
Entry Level Home	Multi-family duplex, triplex	\$1,500 ⁷	Management, Professionals	\$5,000 ⁸	30%

Notes:

1. Current dormitory charges for workers in College Intern Program at Disney World.
2. Calculated at SC hourly average of \$12.23. No overtime.
3. Rent range for micro-apartments in Seattle. Includes utilities
4. Calculated at \$15/hour. No overtime.
5. Based on June 2017 data on average apartment rental costs within 10 miles of HHI. Calculated per unit not number of occupants. Does not include utilities.
6. Calculated at \$20/hour for one person. No overtime.
7. Extrapolated from estimated costs for starter-homes to include principle, interest, PMI, taxes and insurance.
8. Assumed \$60K/year one person income.

Garden Apartment Facts

- 200 unit developments are underwritten by Fannie Mae & Freddie Mac
- 300 units generally eliminates the cost benefit of condo conversion
- 20 acre sites are needed for 300 unit garden style apartments
- 3 level walk up units are traditionally
 - Stick built on grade, therefore less costly than concrete structures
 - Drive lower market rental rates due to the walk up nature
- Land costs not to exceed \$500,000 are optimal

Other Products

- Micro-Apartments
 - Ideal use of town land surrounding USCB
 - Ideal for redevelopment of dilapidated commercial property that can be incentivized through mixed use zoning
 - Ideal for seasonal or transient workforce
- Dormitory Housing
 - Ideal for seasonal workforce, students, J1/H2B and USCB students
- Entry Level Homes
 - Current target of town initiative that is taking shape, not ideal use of land but certainly important to the market

Facts Regarding Private Development

- Private investment exists
- General building costs to market rental rates are calculated by taking the building cost per square foot multiplied by 1,000
 - Example \$1.30 building cost translates to a \$1,300 rental rate
- Private investment by nature will seek maximum retail rents
 - Mechanisms for ensuring affordability include
 - Deed restrictions tied to median income
 - Restricted development agreements
- Building workforce housing in prime locations such as waterfront will result in high market rents

SCRLA Update

- State association with recently formed local chapter
- Consists of restaurants and resorts/lodging partners
- Focused on Hilton Head Island workforce housing development
- Retained advocate in Chris Christon
- In 2018 business related taxes will account for 46% of town's general fund
 - Largely driven by Hospitality and Accommodations Taxes
- Has secured commitment of members to participate in events targeted to NIMBYS in gated communities

Proposed Platform

- Public Private Partnership
- Town Administration
- Legislation

Public Private Partnership

- **Public/Private:**
 - Town puts out an RFP for seasoned well capitalized class A garden style apartment developers
- **Private**
 - Private sector locates and recommends suitable sites for this type of development
- **Public**
 - The town of HHI acts responsibly and swiftly in addressing the unique zoning density and land management obstacles that any suitable site would present to ensure that the project can be developed quickly to address the housing shortage
 - Town expedites the permitting process and avoids the bureaucratic red tape that could drag out progress of building the housing

Town Administration

- The town of HHI carefully assess what if any of their owned land could be used towards economic development to support the building of workforce housing
- Utilize dedicated town staff member to effectively implement workforce housing solutions
- Convert dilapidated commercial property to housing inventory by amending the zoning to residential or mixed use
- Implement floating overlay zoning model

Legislation

- Any future resort zoning has inclusionary zoning that requires the resort to build housing for the workforce of the property.
 - Town of HHI has done their own study that has confirmed residential zoning has a lower impact on the traffic patterns than resort.
- Town modifies the LMO to facilitate workforce housing development

Discussion

How many workers and how many beds?

- Low Country Housing Administration is conducting research for release in Q1 of 2018 regarding need for the county
 - It is heavily geared towards publicly financed solutions and towards low income housing or for those in need
 - Businesses need to identify their workforce needs independent of the county
- The term affordable and workforce housing is nothing to get hung up on.
- The communities we are in need of vary in terms of the products but all of them are intended to be communities that we'd be proud of with the necessary amenities, green space and thoughtful development that we are accustomed to south of the broad.

Implementation

- Secure your commitment in an advisory role
- Attach goals to our platform for both HHI and Bluffton to work to attain
- Chamber of Commerce to launch marketing campaign to support our platform
- Coalition participates in any and all town planning in both HHI and Bluffton to ensure the voice of our businesses and civil services is represented
- Coalition drives support of workforce and strategic partners in growing coalition base
- Attend town council meetings in numbers to show solidarity and strength of coalition voice

Marketing

- Chamber of Commerce launches marketing campaign in support of Coalition efforts
 - Dedicated website
 - Creative campaign for use in all digital and print media
 - Enrollment drive of local businesses and civil services
 - SCRLA events in gated communities
- Messaging
 - Focus on quality of life as the “WHY” or mission of our coalition efforts
 - The workforce issue is vital to the economic future of the region
 - To preserve the property values, quality and affordability of life in southern Beaufort county
 - Clearly outline the “NEED” in terms of people needed to satisfy the workforce demand in the immediate and the next 5 to 10 years

Next Steps

- **Commitment**
 - Coalition advisors would be expected to meet twice per month for 1 hour meetings to drive the agenda and implementation of our efforts
 - Commit to timely communication and feedback via email
 - Be prepared to participate in public planning efforts and at town council meetings as needed
 - Be willing to put your business or service on the front lines of what will be a public debate
- **Action Item**
 - Complete workforce needs survey that SCRLA has outlined

DISCUSSION
