

An Assessment of Conditions, both Public and Private,
Affecting Fair Housing Choice for All Protected
Classes in the Town of Hilton Head Island

DRAFT



2016

Table of Contents

1	PURPOSE	4
2	INTRODUCTION.....	4
	Environment and Topography	4
	Early History	4
	Mid Twentieth Century Changes	5
	The 1980s and 1990s	5
	Present	6
3	METHODOLOGY	7
4	INTERVIEW PROCEDURE	8
	Categories of Interviewees	9
5	HILTON HEAD ISLAND SOCIO-ECONOMIC ENVIRONMENT	10
	Minority Concentrations	14
	Poverty	17
	Employment and Unemployment	19
	Economic Diversification	21
6	IMPEDIMENTS	22
	Housing Affordability	23
	High Cost of Housing	26
	Inventory	27
	Transportation	28
	Small Urban Area	31
	Shelters and Homelessness – Limited Facilities	32
	Financial Illiteracy	34
	Discrimination	35
	Other Impediments	36
7	SPECIAL CLIENT CATEGORIES.....	37
8	QUALIFYING CLIENTS	39
9	POSITIVE STEPS TO REDUCE IMPEDIMENTS	40
	Nonprofit organizations	40
10	LEGISLATION.....	42
11	TOWN PLANNING AND ZONING.....	45
	Comprehensive Plan Goals	47
	Relation to Land Management Ordinance	49
12	RECOMMENDATIONS.....	50
	APPENDIX A: INTERVIEW LIST	52
	APPENDIX B COMMUNITY FACILITY MAP	55
	APPENDIX C: HEIRS’ ROADMAP	56

List of Figures

FIGURE 1: IMAGE - HISTORIC MITCHELVILLE	4
FIGURE 2: CHART - HILTON HEAD ISLAND POPULATION 1980-2014	10
FIGURE 3: AGE GROUPS COMPARISON	11
FIGURE 4: MAP - MEDIAN AGE.....	12
FIGURE 5: CHART - RACIAL COMPOSITION.....	13
FIGURE 6: CHART - RACE AND ETHNICITY OVER TIME	13
FIGURE 7: CHART COMPARING RACIAL AND ETHNIC COMPOSITION.....	14
FIGURE 8: MAP RACIAL AND ETHNIC CONCENTRATIONS.....	15
FIGURE 9: TABLE - MEDIAN HOUSEHOLD INCOME	16
FIGURE 10: TABLE - MEDIAN HOUSEHOLD INCOME FOR MINORITIES.....	16
FIGURE 11: CHART - COMPARING POVERTY	17
FIGURE 12: CHART - MINORITY POVERTY.....	17
FIGURE 13: MAP - POVERTY.....	18
FIGURE 14: CHART - EMPLOYMENT.....	19
FIGURE 15: TABLE - OCCUPATION BY NUMBER OF AND WAGES.....	20
FIGURE 16: CHART - GROSS RENT	23
FIGURE 17: CHART - GROSS RENT BY PERCENT OF INCOME	23
FIGURE 18: CHART - HOUSING VALUE COMPARISON.....	26
FIGURE 19: TABLE - BUILDING PERMITS	26
FIGURE 20: CHART - HOUSING UNITS INVENTORY	27
FIGURE 21: CHART - VEHICLES AVAILABLE	28
FIGURE 22: MAP - HILTON HEAD ISLAND COMMUTE SHED.....	29
FIGURE 23: MEANS TO WORK AND COMMUTE TIME.....	30
FIGURE 24: MAP - SMALL URBAN AREA AND POPULATION DENSITY.....	31
FIGURE 25: LIST -HOMELESSNESS CENSUS - 2012	32
FIGURE 26: CHART HOUSEHOLDS 65 AND OVER.....	37
FIGURE 27: CHART - SINGLE PERSON FAMILIES ON HILTON HEAD ISLAND.....	38

An Assessment of Conditions, both Public and Private, Affecting Fair Housing Choice for All Protected Classes.

1 PURPOSE

The Purpose of this study is to complete a comprehensive review of the Town of Hilton Head's laws and regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice.

2 INTRODUCTION

To understand the complex nature of the subject of affordable and fair housing on Hilton Head Island, it is important to review some of the topographic features and historical precedents that make the Island distinctive.

Environment and Topography

Hilton Head has 12 miles of grassy dune-lined beach frontage along the Atlantic Ocean. The topography is near sea level and mostly flat, with gentle slopes into tidal marshes. Maritime forests are scattered on the upland with development settled in-between. The climate is warm with mild winters. Historically, tropical storms and hurricanes have impacted the Island and pose a risk for developed areas in the future. FEMA rates a substantial portion of the Island in flood plains. All of these environmental factors have an impact on the affordability of housing.

Early History

Settlement on the Island can be traced back thousands of years with Native Americans. Europeans explored the area in the 16th century, and Captain William Hilton's voyage came to the Port Royal Sound, where he named the Island after himself in 1663. During the Civil War, the Union Army occupied Hilton Head, which was strategically important to the blockade of the Southern ports. During that time, freed slaves came to the Island to buy land, particularly on the north end in an area that is now called Mitchelville.

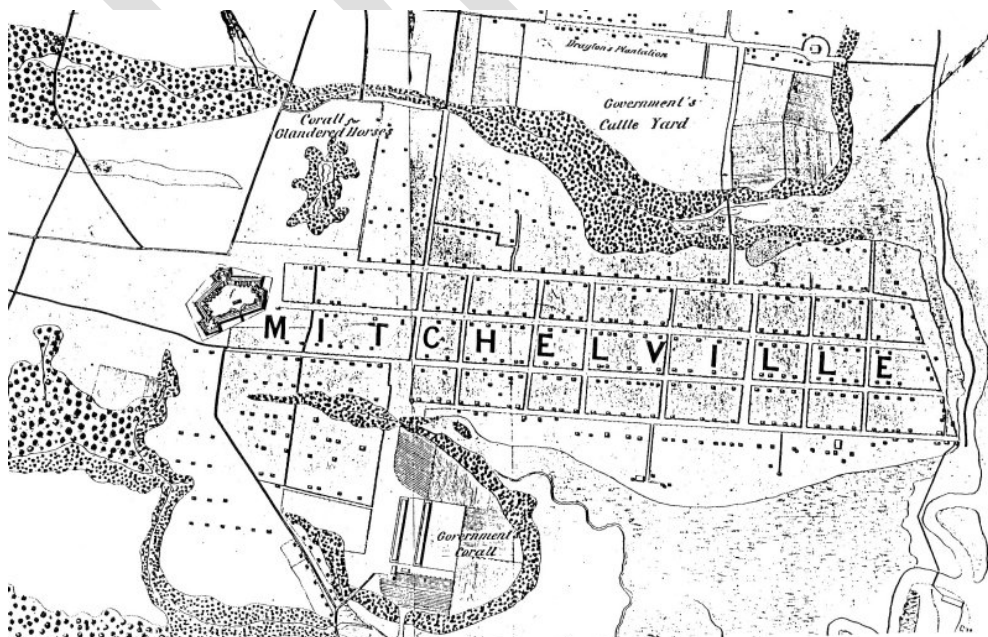


Figure 1: Image - Historic Mitchelville

Significant portions of this land are still owned by the descendants of the freed slaves, who are sometimes referred to as Native Islanders or Geechee People. “Heirs” is a common term used that describes the ownership of the decedents’ land, which can be a highly complex issue. For many, there is no clear title and multiple heirs can be located across the country. At one point, heirs retained more than 3000 acres on Hilton Head, where land ownership and agriculture, hunting, and fishing were the main source of economic strength. The Geechee culture has continued for many generations and today there is an ongoing effort to preserve the traditions on the Island.

Mid Twentieth Century Changes

In 1949, before a bridge connected the mainland to the Island, Hilton Head Company purchased large sections of land on the southern end of the Island for the extraction of timber. The cost was \$60 an acre. For perspective, in today’s money that’s \$597. After working on the Island, and coming to know the people, the son of one of the company’s executive, Charles Frazier, began to develop a vision for the Island by the 1950s. At the same time, golf had become popular in the United States. His vision was to incorporate the natural beauty of the Island with a golf lifestyle setting. Esthetics and the manner in which the subdivisions were planned in concert with the delicate environment became very important as it was a way to attract potential buyers and visitors. By the 1960s, after the bridge was built, a full-fledged resort community was established at Sea Pines, a planned development on the south end of the island. The economic structure began to shift rapidly when Native Islanders began to work in the resort communities and the agrarian and fishing occupations became less prevalent. As development increased, roads, water, sewer, and healthcare became more accessible to the Native Islanders; however, gaps in available services still remained.

Hilton Head developers became national leaders in modern town planning. In fact, many of the veteran expert designers and developers spread the concepts throughout other resort-style communities in the United States and internationally. By 1983, the Town incorporated for the purpose of having more control over the way development occurred, as well as for the provision of services such as fire protection and community amenities. Given that new development on Hilton largely took the form of private, gated communities called “plantations,” many amenities remained private in those communities and available only to residents.

New residents were concerned with the appearance of the main highway corridors, and incorporation gave the new Town the ability to implement zoning, which would regulate the uses outside the planned communities. Meanwhile new planned communities were zoned under “Planned Unit Development” (PUD) districts, which are agreements between the Town and developers that set criteria for mixed land uses while maintaining some flexibility. Areas outside PUDs were restricted by specific land use zoning regulations. This had the effect of establishing exclusionary zoning for large portions of land throughout Hilton Head Island.

The 1980s and 1990s

The term affordable housing is not new to the Island, nor are the barriers to it. During the 1980s and 1990s, Native Islander and developer Tom Barnwell began to advocate for bridging the housing/income gap between the plantations and the residents of the rest of the Island. He actively worked to develop affordable housing. Mr. Barnwell began to use his own land to develop affordable housing in the form of apartments, single-family homes and manufactured

housing lots. He now notes that this was not the most profitable way of investment, given the work required and the barriers, including easements, utilities, permitting and zoning.. However, the experience gave him the ability to provide a road map for other Native Islanders. Some of the barriers included easements, utilities, permitting and zoning.

Present

Hilton Head remains a top tourist destination.. Diversity among the permanent residents is increasing, and arts and cultural activities are plentiful. One of the Town's special features is an extensive bicycle and pedestrian system, with pathways connecting nearly every corner of the Island, providing recreational and commuting opportunities for both residents and visitors.

Because much of Hilton Head's commercial development was built 30 to 40 years ago, redevelopment and/or reuse of those facilities is currently a major issue. Results to date have included the multi-million dollar redevelopment of some of the original shopping centers.

Nonetheless, policy makers and citizens alike are anxious to find ways to alleviate the effects of a lopsided economy dependent on the tourism industry. Although the resort-type lifestyle is an integral component of the economy to protect, there is a need to provide solutions to diversify the economic structure. Most interview participants questioned the sustainability of the existing economic model, as the Lowcountry Region's economic engine is shifting inland, at least, to some extent.

One common theme discussed is the possible long-term future development of the Jasper Ocean Terminal. This would be a significant economic contribution to the Region, and could have provide jobs for Hilton Head Island's labor force that now continues to work in service jobs. If the new port does get built, it will not be for a decade or more, but nearby Bluffton and Hardeeville continue to grow rapidly and are already attracting employees to commercial and residential areas along SC 170 and US 278.

Today, more than 50,000 cars a day, on average, cross the William Hilton Bridge on US 278, with traffic increasing over the last few years. Workers commute from two and three counties over. For some it can take hours to get on the Island, consuming valuable time and money. Many folks work in the tourism industry, however, others are firefighters, police officers, teacher, and nurses, in addition to other public servants who simply cannot afford to live on the Island. As more jobs become available closer to where people live, the consensus seems to be that there will be less of a desire to commute on-and-off the Island.

Native Islanders still call Hilton Head home. Many own land that has been passed down for five or six generations, although the number of acres of heir's property have decreased as land has been purchased by developers. With many factors working against Native Islanders in their pursuit of affordable, safe, decent housing on their own land, it can be desirable to sell and move on.

These factors, among others, make it important to study the role of fair and affordable housing on the Island. This report will consider the dynamics in more detail in the following pages.

3 METHODOLOGY

In order to identify impediments to fair housing choices in the Town of Hilton Head Island, and gain the greatest perspective possible, personal interviews were conducted with directors of public agencies and other organizations that serve low-income and moderate-income clients. Community leaders, developers, and bankers were also contacted for interviews. They were selected because an element of housing is included in the services provided by each organization, either as direct providers, referral agencies or sources of housing education and financing. Others were selected for the role that they play in the discussion or the development of fair and affordable housing. As such they represent a large number and a wide variety of groups (see list on following page).

The interviews focused on the following areas:

- Description of community and clients served, including volume and unique needs as identified by the agency's focus.
- Affordable housing inventory available to clients
- Identification of greatest impediments for acquiring low income housing
- Trends in clients' housing needs
- Identification of any type of discrimination

Appendix A is a table that lists each organization interviewed and the main barriers reported by each respondent.

Several impediments for housing were common as the interviews proceeded. They are listed below from the most frequently stated to the least. It is important to note that the impediments do not stand alone; they are interrelated and often inseparable.

- a. Housing affordability – Low wages
- b. Inventory – Insufficient stock for low- and moderate-income population
- c. Transportation – Limited access
- d. Lack of employment opportunities
- e. Financial illiteracy - Prevalent
- f. Qualifying clients – Tighter requirements
- g. Construction and land costs – Escalating Shelters – Limited facilities
- h. Shelters – Limited facilities
- i. Language Barriers

After identifying the impediments through interviews, the most recent data available was then assembled and assessed for each subject to ensure that the opinions expressed are based on actual and quantitative conditions. Data sources include the US Census, the Regional Impediments to Fair Housing study, the Consolidated Plan for Hilton Head, and the Lowcountry Council of Governments (LCOG).

We also looked at both federal and local legislation that affects fair housing in the Town of Hilton Head.

4 INTERVIEW PROCEDURE

To identify the multiple impediments to fair housing choices in the Town of Hilton Head Island, 25 contacts were identified as providers or in some capacity involved with housing. Personal interviews were conducted with the administrator or executive director in charge of the agencies and organizations which serve an array of clients, including low-income clients, moderate income clients and some having special housing needs. Many of the agencies have the provision of housing as a major focus; others refer their clients to agencies that directly assist with housing. Information was gathered from the following categories of providers of housing or providers of services related to housing:

Government Agencies:

- Town of Hilton Head
- Alliance for Human Services
- Beaufort Housing Authority
- Beaufort County Affordable Housing Coalition

Regional Agencies:

- Lowcountry Council on Aging
- Lowcountry Workforce Investment
- Lowcountry Community and Economic Development (HOME)

State Agencies:

- SC Human Affairs Commission- left multiple message

Non-profit Organizations:

- Access Network
- Family Promise of Beaufort County
- Habitat for Humanity, Hilton Head
- Neighborhood Outreach Connection (NOC)
- PASOs

Community Leaders:

- David Bennett, Mayor
- Alex Brown, Chairman, Town Planning Commission
- Dot Law, President, Chaplin, Marshland, Gardner Property Owners Association (Bridge Builders)

Private Developers

- David Ames (Also Bridge Builders)
- Tom Barnwell (Also Bridge Builders)

Mortgage Lenders:

- Atlantic Community Bank

Categories of Interviewees

Interview groups were categorized by:

- Those that had housing inventory for clients.
 - a. Questions included:
The volume of clients compared to the number of available units, waiting time for clients, interaction with governments and funding sources.
 - b. Number contacted: 2
- Those that did not have inventory but were able to refer clients to housing facilities in the area.
 - c. Questions included:
Availability of housing, client trends, interaction with local government
- Mortgage lenders who finance first-time home buyers.
 - d. Questions included:
How sub-prime lenders and client qualifying will be affected by the current real estate market.
 - e. Number contacted: 1

5 HILTON HEAD ISLAND SOCIO-ECONOMIC ENVIRONMENT

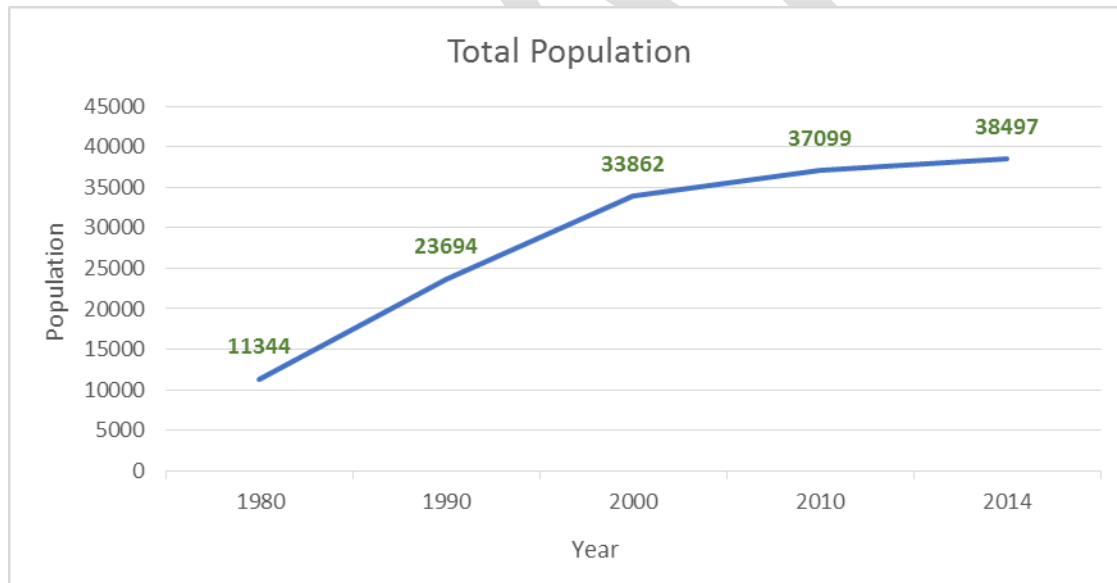
Because most of the impediments to fair housing in the Town of Hilton Head Island revolve around economic issues, the socio-economic structure of the area in itself serves as a major impediment to the rent or purchase of affordable housing by households with low or moderate incomes. This section assesses the various components of the regional economy within the context of fair housing.

Population Growth

Beaufort County had the fastest growth rate in the state (and one of the fastest on the Southeast coast) between 1990 and 2000. Growth continued at a fast rate between 2000 and 2010 while Jasper County ranked fifth in South Carolina.

Hilton Head Island's population has grown significantly since its incorporation in 1983. According to data from the US Census Bureau, the Town's population has grown more than 70 percent between 1980 and 2014. The population growth has led to increased property values and construction costs. Due to the limitations, as Hilton Head Island grows, available and environmentally constraint-free land has become scarcer.

Figure 2: Chart - Hilton Head Island Population 1980-2014



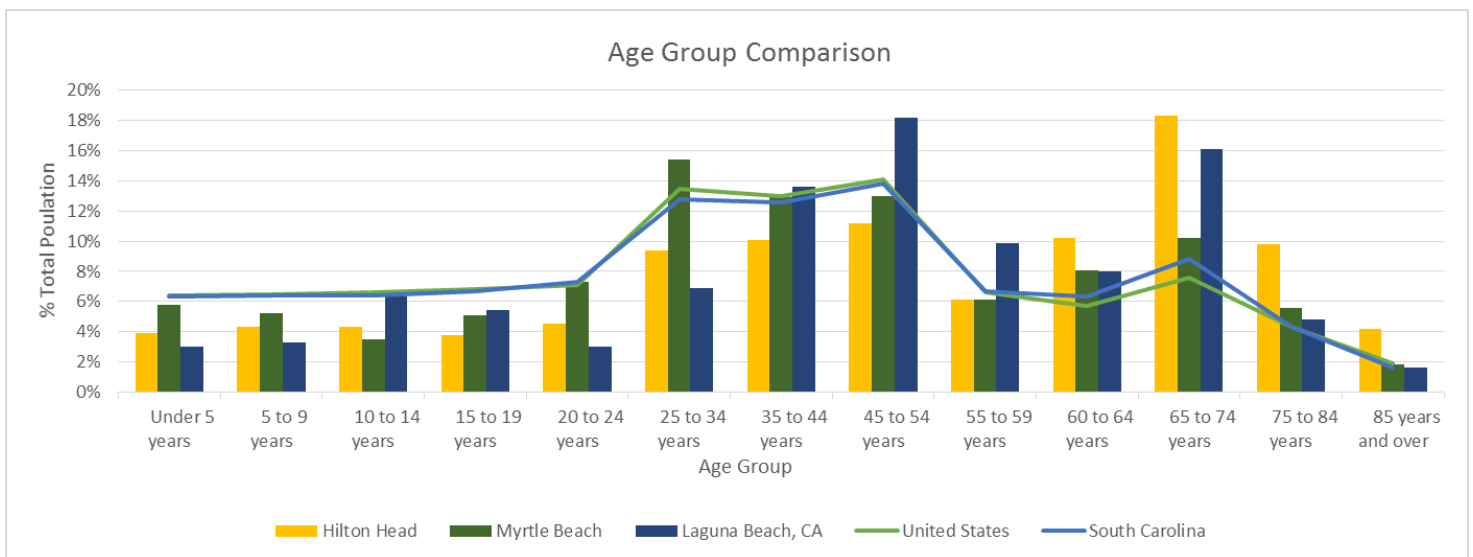


Figure 3: Age Groups Comparison

Hilton Head Island Age Structure: 2014

The Town of Hilton Head Island’s population does not mirror the state or the nation in terms of age structure. It is similar to the comparison cities of Myrtle Beach and Laguna Beach. The population has unequal distribution with higher percentages for groups 60 and over.

Older residents are at risk due to:

- Limited and fixed resources, i.e. pensions, social security, retirement funds
- Limited availability of smaller apartments at affordable rates, for single persons
- Very low income for surviving/widowed spouses
- Waiting lists for subsidized or public housing
- Healthcare costs

Through interviews for this study, a recurring comment was that young adults on the Island face difficulties in finding meaningful well-paying jobs and affordable housing. There are few opportunities offered to high school and returning college graduates; in the 2014 American Community Survey (ACS) Census data, their numbers are smaller compared to their senior counterparts as well as state and national averages(see Figure 3 above). Policy-makers interviewed concurred, and are actively exploring ways to diversify the economic structure on the Island to provide more economic and employment opportunities.

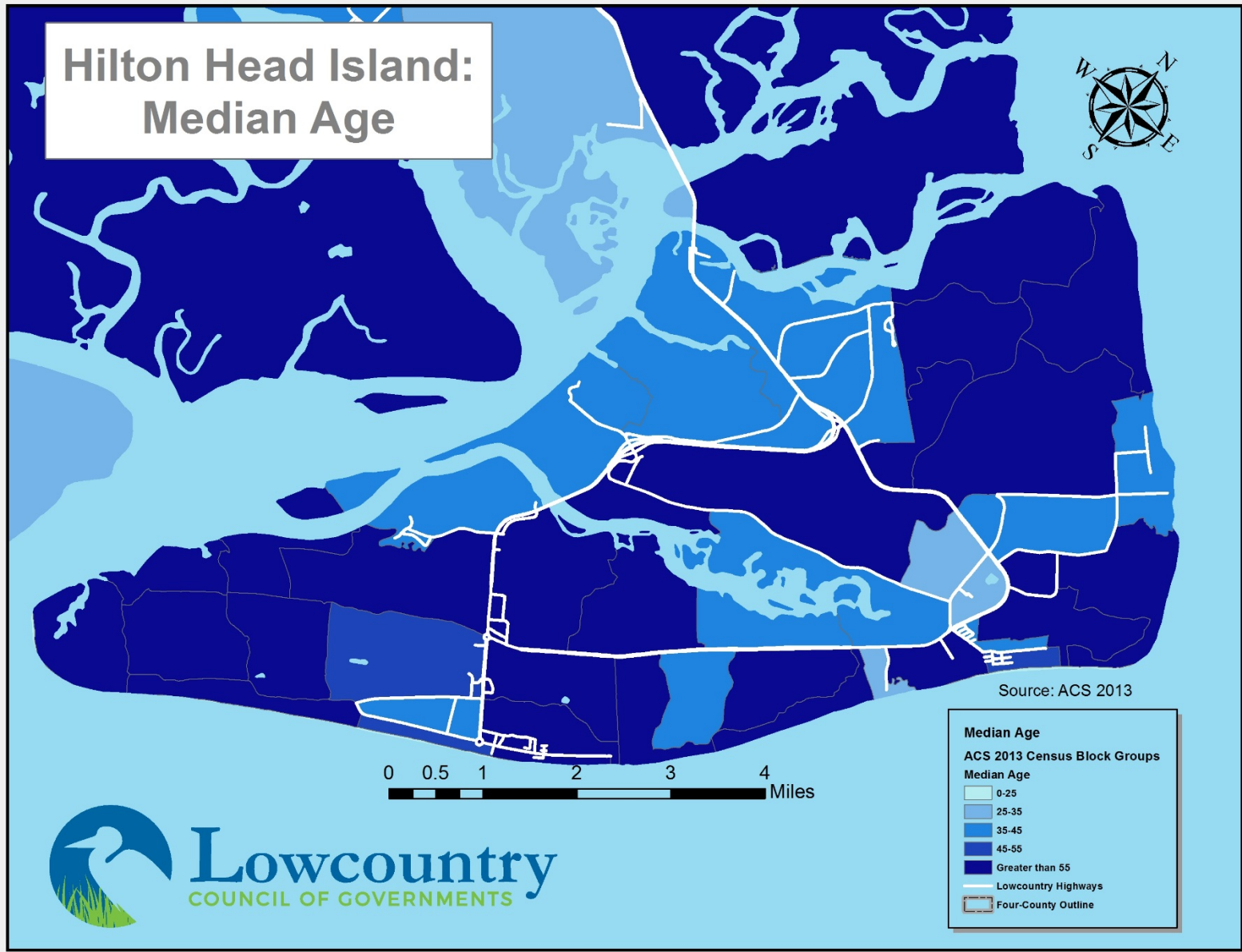


Figure 4: Map - Median Age

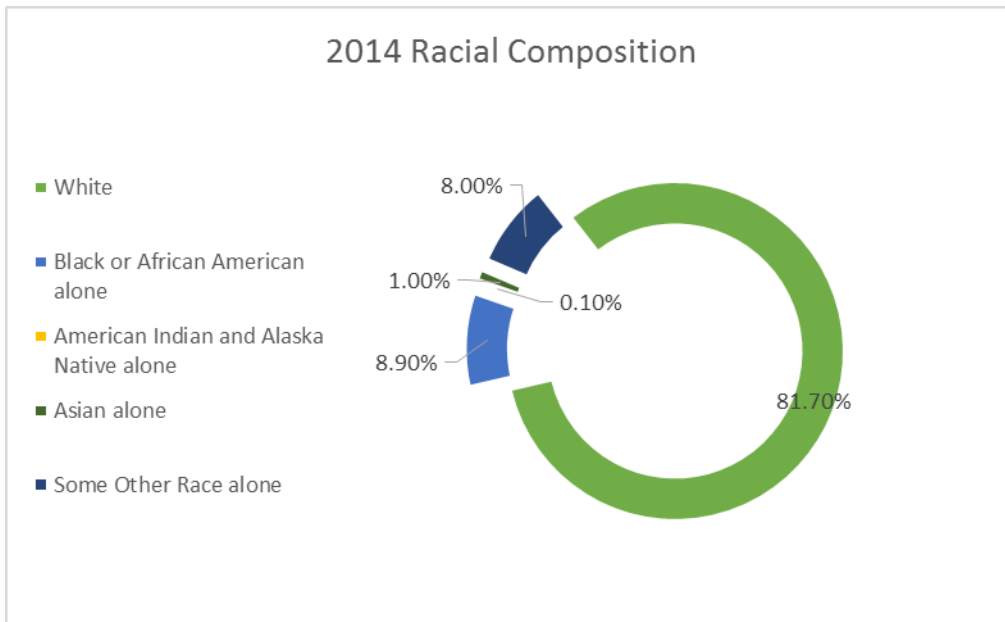


Figure 5: Chart - Racial Composition

Racial and Ethnic Diversity

Along with growth, especially in Southern Beaufort and Jasper counties, has come an equally significant change in the composition of the Town’s population. Formerly, and for much more than a century, the area population was almost entirely comprised of African-American and white residents, although there have been small Asian, Hispanic and Native American population segments living in the area for a number of years. The combination of rapid growth and low unemployment in the Region attracted people to the Hilton Head Island area during the 1990s and into the first years of the twenty-first century. As the 2000 and 2010 Censuses show, a relatively large number of persons of Hispanic/Latin origin have moved onto the Island, but also into Beaufort and Jasper Counties. Although hard data is not available, anecdotal evidence points to low-paying jobs for a large portion of the Hispanic population here. Source: US Census Bureau

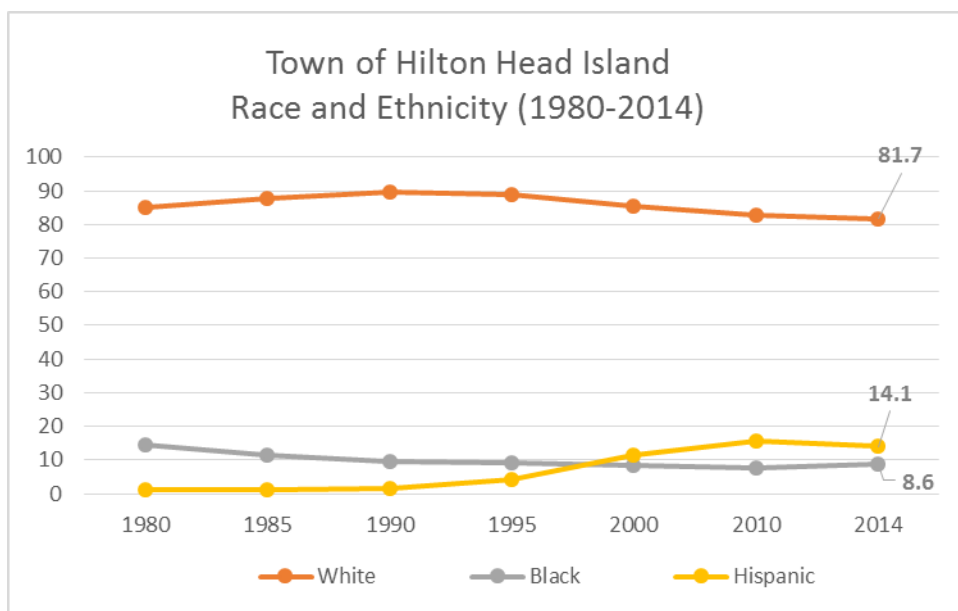


Figure 6: Chart - Race and Ethnicity over Time

To further the analysis by making comparisons, Myrtle Beach, SC and Laguna Beach, CA were identified to provide comparative insights. These places face similar pressures in terms of predominantly service industry employment for popular tourist destinations. When comparing Hilton Head Island to these places, the share of minority populations in town show diversity roughly the same as Myrtle Beach, but more so than Laguna Beach, CA. Minorities have historically faced barriers in terms of affordable housing, educational attainment, and economic mobility disproportionately to their white counterparts. Nevertheless, all races and ethnicities face barriers to affordable housing.

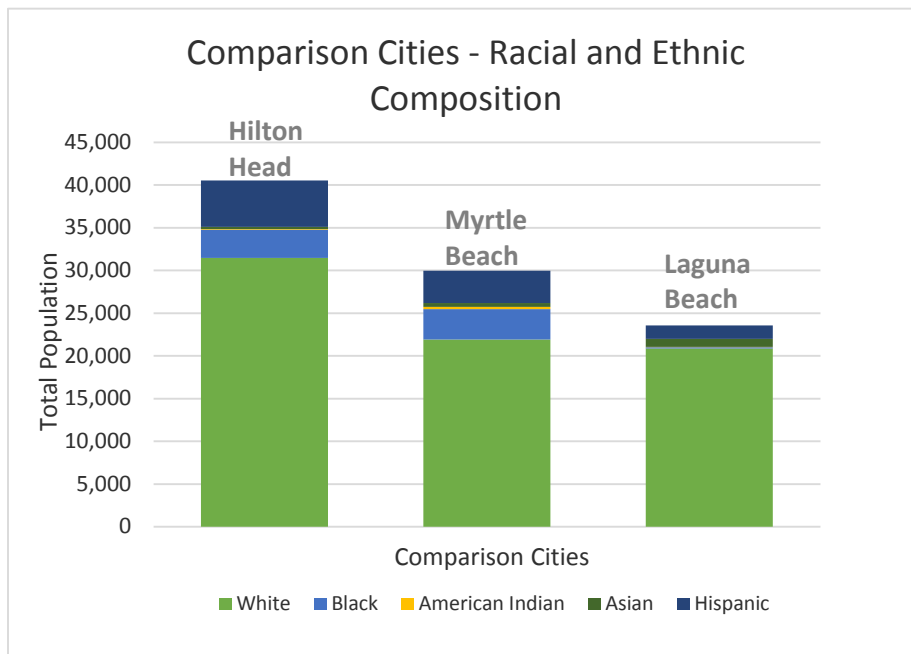


Figure 7: Chart Comparing Racial and Ethnic Composition

Minority Concentrations

In order to provide information on the concentration of minorities on Hilton Head Island, a GIS analysis was conducted using 2010 Census block data to determine areas that are spatially different in demographics compared to other areas of Town. The dissimilarity index for African Americans on the Island is 65 percent. In other words, to distribute the population was equally in terms of racial composition, 65 percent of the current minority population would have to move.

The following map shows the concentration of Hispanic and African American populations on the Island. The two groups appear to mix in concentrated areas outside planned unit developments (PUDs) and in historic neighborhoods. Community facilities and common destinations were added to the map to see their proximity to the neighborhoods.

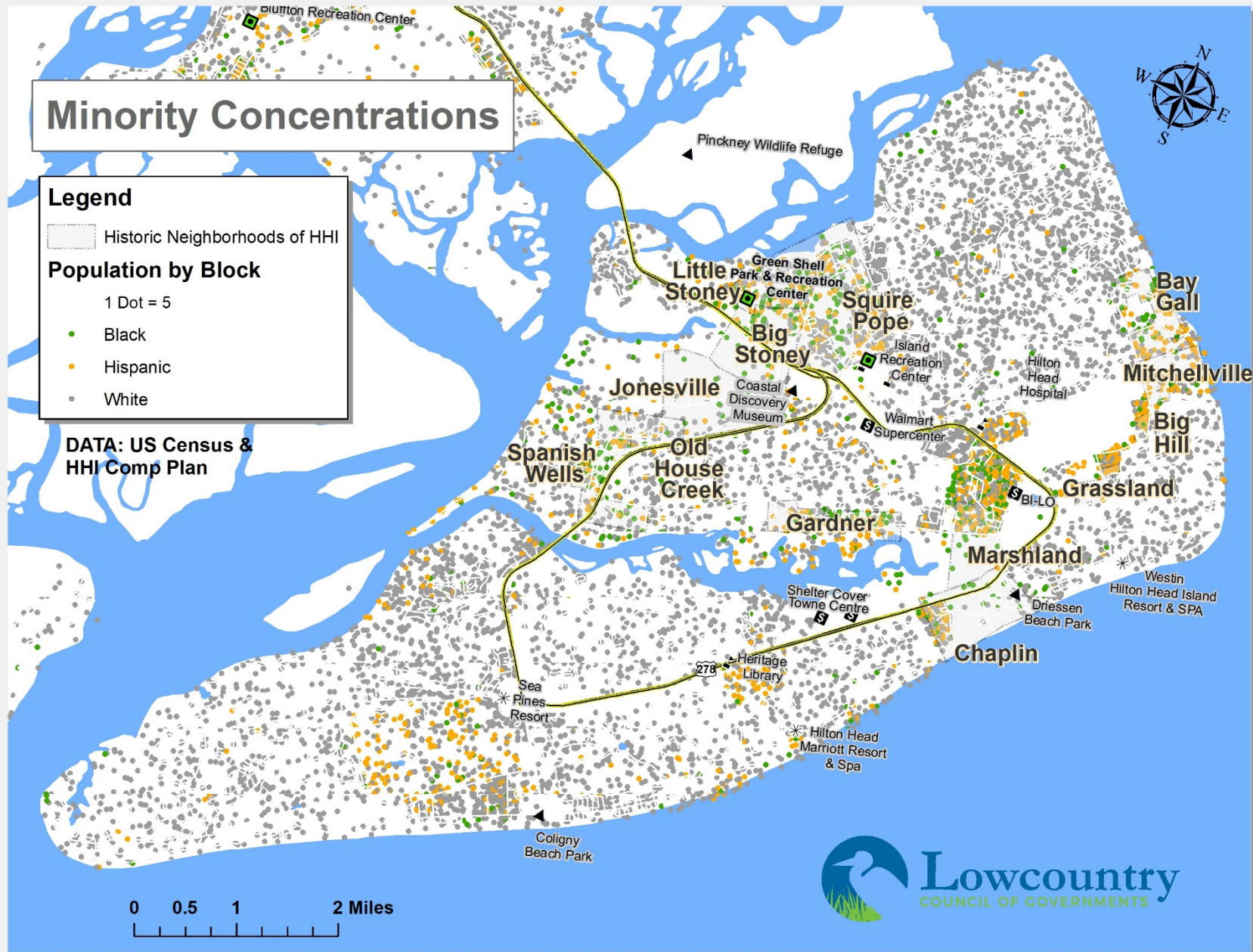


Figure 8: Map Racial and Ethnic Concentrations

Incomes and Poverty

Incomes are higher on Hilton Head Island than South Carolina and National averages. Beaufort County as a whole also had incomes higher than the state average. However, the number of wealthy households with investments and substantial retirement savings distorts median household income for the Island. A closer look at the distribution of wages by occupation is considered in the following sections.

The table below depicts incomes since the 1980s. While adjusting for inflation, incomes increased through the 1980s and 1990s but since the Great Recession, incomes have declined. Overall, incomes in the state and county increased modestly between 1980 and 2014. However, there was a decrease during the Great Recession. The differences here are likely due to growth that is occurring off the Island, and major economic development in other parts of the the state.

	Income Type	1980	1990	2000	2010	2014	Percent Change 1980-2014
Hilton Head Island	Median Household Income	\$23,854	\$42,999	\$60,438	\$67,995	\$68,437	186.90%
	Adjusted	\$68,532	\$77,884	\$83,089	\$73,819	\$68,437	-0.14%
Beaufort County	Median Household Income	\$15,490	\$30,450	\$46,992	\$55,286	\$57,275	269.75%
	Adjusted	\$44,502	\$55,153	\$64,603	\$60,022	\$57,275	28.70%
State Average	Median Household Income	\$14,711	\$26,256	\$37,082	\$43,939	\$45,003	205.91%
	Adjusted	\$42,264	\$47,557	\$50,979	\$47,703	\$45,003	6.48%

Figure 9: Table - Median Household Income

In order to examine the household income across demographic groups, especially those that are considered minority, racial and ethnic incomes are shown here. The data indicates that incomes are considerably less for minority populations, other than Native Americans, on Hilton Head Island.

Race or Ethnicity	Median Household Income (2014)	Difference Between Town Median HH Income
White	\$73,559	7%
Hispanic	\$41,534	-39%
Black	\$27,669	-60%
Asian	\$31,615	-54%
Native American	\$87,188	27%

Figure 10: Table - Median Household Income for Minorities

Poverty

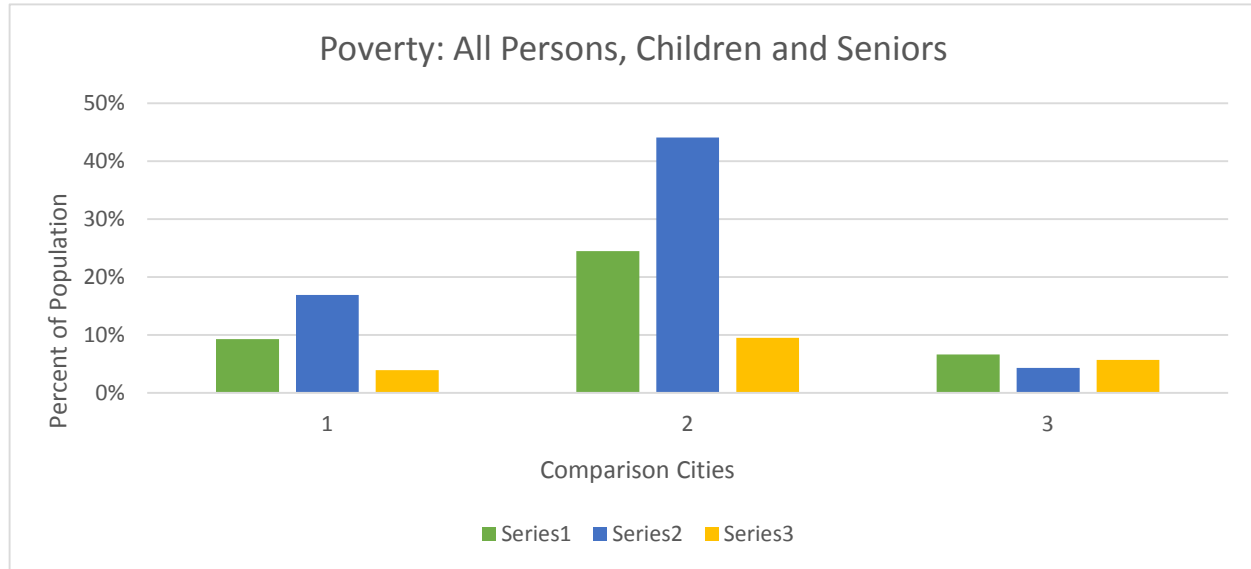
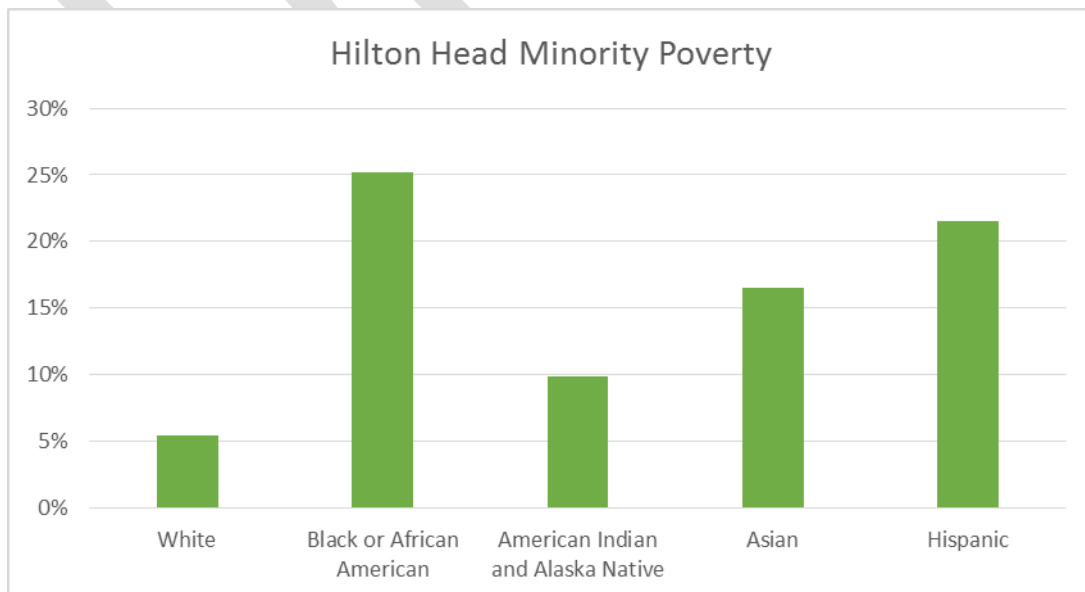


Figure 11: Chart - Comparing Poverty

According to data from the US Census Bureau’s 2009-2014 American Community Survey, overall poverty rates, for all persons on Hilton Head Island are lower than state and national averages. However, poverty for minority groups is much higher. African- American poverty levels are at 25 percent and Hispanic poverty stands at 21 percent. Poverty on the Island disproportionately affects minority groups, including Asians (16.5 Percent) and those under the category of “some other race: (27.1 percent). Senior poverty rates are lower than the overall average, yet child poverty is higher than the average for all persons. These data points suggested that minorities and families would struggle more in obtaining affordable housing on the Island. Those families and persons who live in poverty are susceptible to living in substandard living conditions and children are vulnerable to lead and other substances. Substandard living conditions are more likely to have mold present, which can lead to exacerbated health conditions like asthma.

Figure 12: Chart - Minority Poverty



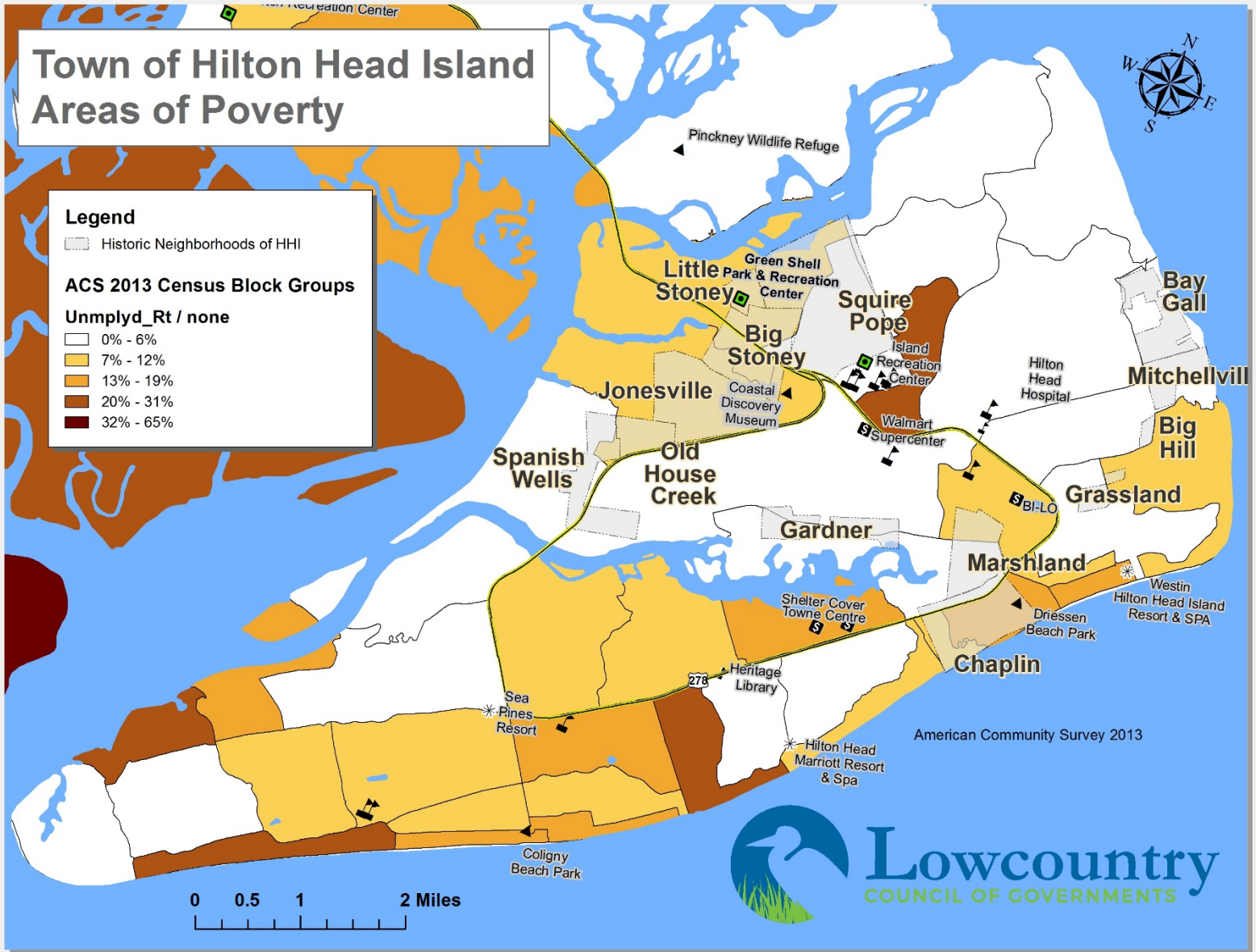


Figure 13: Map - Poverty

Employment and Wages

Hilton Head Island - Bulffton - Beaufort Metropolitan Areas Employment 2005-2015



Figure 14: Chart - Employment

Employment and Unemployment

Beaufort County consistently has among the lowest unemployment rates in the state. However, there are a different set of fluctuations in the employment and labor force numbers in the above chart. The visual highlights the nature of the seasonal labor force in the tourism industry in the Region. The labor undercurrents have effects on ability to secure fair housing as some jobs and hours paid slow during the off-season. The chart also highlights that the gap between employment and available labor force increased during the Great Recession and has not decreased to the same levels as were previously established.

Even when unemployment is relatively low, as in Beaufort County, wages do not meet the state average because of the concentration of jobs in the tourism and retail sectors of the economy.

The following table (Figure 16) illustrates occupations for the Lowcountry Region. There are relatively few, high-skilled and high-paying jobs, comparatively for the Region. There is an imbalanced proportion of sales, office, and food service work available to workforce in the Region, which adds to the difficulty in obtaining affordable housing on the Island.

Figure 15: Table - Occupation by Number of and Wages

Occupation	Employment	Median Hourly Wage	Annual Average Wage
Office and Administrative Support Occupations	16,930	\$14.74	\$30,660
Food Preparation and Serving Related Occupations	15,870	\$10.29	\$21,410
Sales and Related Occupations	14,100	\$14.68	\$30,540
Building and Grounds Cleaning and Maintenance Occupations	7,230	\$12.34	\$25,670
Education, Training, and Library Occupations	6,940	\$19.07	\$39,660
Healthcare Practitioners and Technical Occupations	6,660	\$32.49	\$67,570
Transportation and Material Moving Occupations	5,910	\$13.77	\$28,650
Installation, Maintenance, and Repair Occupations	5,150	\$19.37	\$40,300
Management Occupations	4,520	\$41.12	\$85,530
Construction and Extraction Occupations	4,460	\$17.57	\$36,550
Production Occupations	4,300	\$16.29	\$33,880
Personal Care and Service Occupations	3,940	\$11.63	\$24,190
Protective Service Occupations	3,550	\$17.98	\$37,410
Healthcare Support Occupations	3,410	\$12.63	\$26,270
Business and Financial Operations Occupations	3,290	\$28.91	\$60,130
Community and Social Service Occupations	1,260	\$19.15	\$39,830
Computer and Mathematical Occupations	900	\$30.49	\$63,430
Legal Occupations	880	\$28.66	\$59,620
Architecture and Engineering Occupations	780	\$28.69	\$59,680
Arts, Design, Entertainment, Sports, and Media Occupations	710	\$17.05	\$35,460
Farming, Fishing, and Forestry Occupations	700	\$17.93	\$37,300
Life, Physical, and Social Science Occupations	390	\$25.87	\$53,820

Economic Diversification

As the Lowcountry Region's economy has been primarily based on tourism and the local military installations, there have been past efforts to diversify the economic base; to date, especially in Beaufort County; they have not been very successful.

The Town of Hilton Head Island is now taking the initiative for its own economic diversification to provide year-'round employment opportunities. Through the interviews, a few common themes for diversification came up, based on existing demographic and institutional advantages.

- Healthcare and Home Healthcare Services
- Information Services and Technology
- Higher Education
- Culinary and Restaurant Management, reinforced by degrees offered on Hilton Head Island
- Historical Roots: Local foods and Urban Agriculture

Hilton Head Island is aware of its environmental constraints and transportation deficiencies. Manufacturing and warehousing/logistics development are unlikely due to natural hazard vulnerability and lack of rail service and distance to interstates. Other industries may be viable, such as health care services. In fact, destination health care is a development trend in other areas of the country. Examples include Rochester, MN and Cleveland, OH.

One barrier identified for economic development on the Island during the interviews was poor access to broadband bandwidth and mobile reception. Regulations on the Island constrain the development of the infrastructure. Buried communication lines also have a potential for damage by flooding. Information, healthcare, and educational industries depend on modern communication infrastructure, so this is a significant barrier to the type of economic development that could provide better jobs for island residents.

6 IMPEDIMENTS

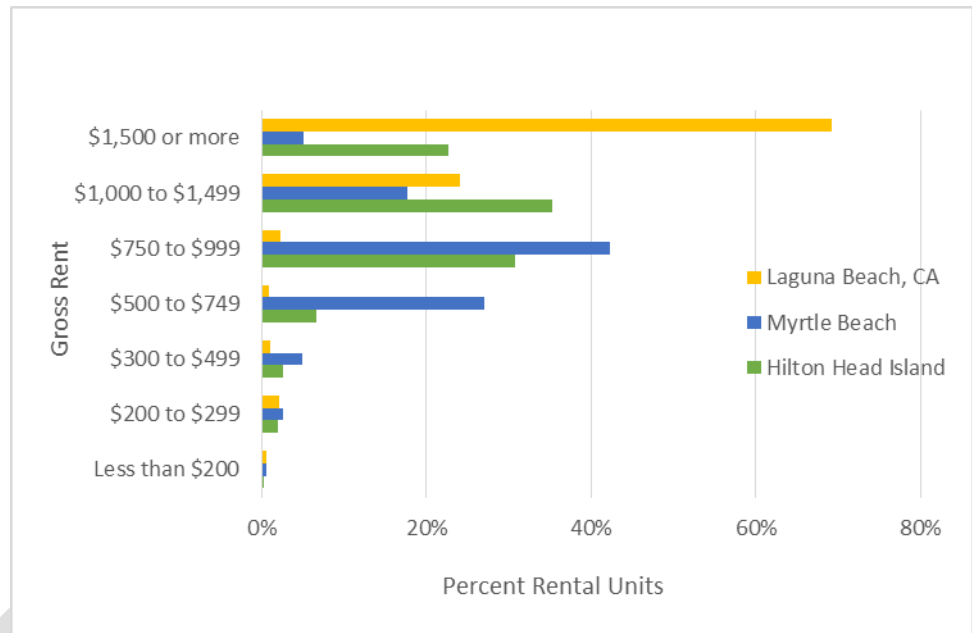
The significant impediments affecting fair housing for all protected classes in the Town of Hilton Head Island are discussed in the following section. A review of all the interviews indicated a pattern of prevalence impediments. A commonality surfaced. These variables are listed in order of most-to-least significance. It should be noted that the first three items were mentioned IN most of the interviews. The relationship of these three prominent items to each other is inseparable.

	Impediments	Mentions
1	Availability/Affordability	15
2	Low-Wage Jobs	11
3	Transportation	8
5	Language Barriers	6
6	Zoning	6
6	Heirs Property Title Complexities	6
7	Low Return on Investment for Developers	6
8	Cost of Land	5
9	Immigration Reform	5
10	Unit Size	5
12	Communication	4
13	Environmental Constraints	4
14	Poor Credit	4
15	Water and Sewer Availability	4
16	Gentrification	4
17	Lack of Opportunities	4
18	Lack of Knowledge of Fair housing	4
19	NIMBYism	4
20	Exclusionary Zoning	4
21	Roads	3
22	Cost of Apartments	3
23	Political Will	3
24	Lack of Low-Interest Loans	3
25	Fees	3
26	Cost of Professional Services	3
27	Development Skillsets	3
28	Application Process	3
29	Lack of Incentives (Tax Breaks)	3
30	Crime	3
31	Insurance	2
32	Out-of-site-out-mind	2
33	Permitting Costs	1
34	Easements	1
35	High debt-to-income ratio	1

Housing Affordability

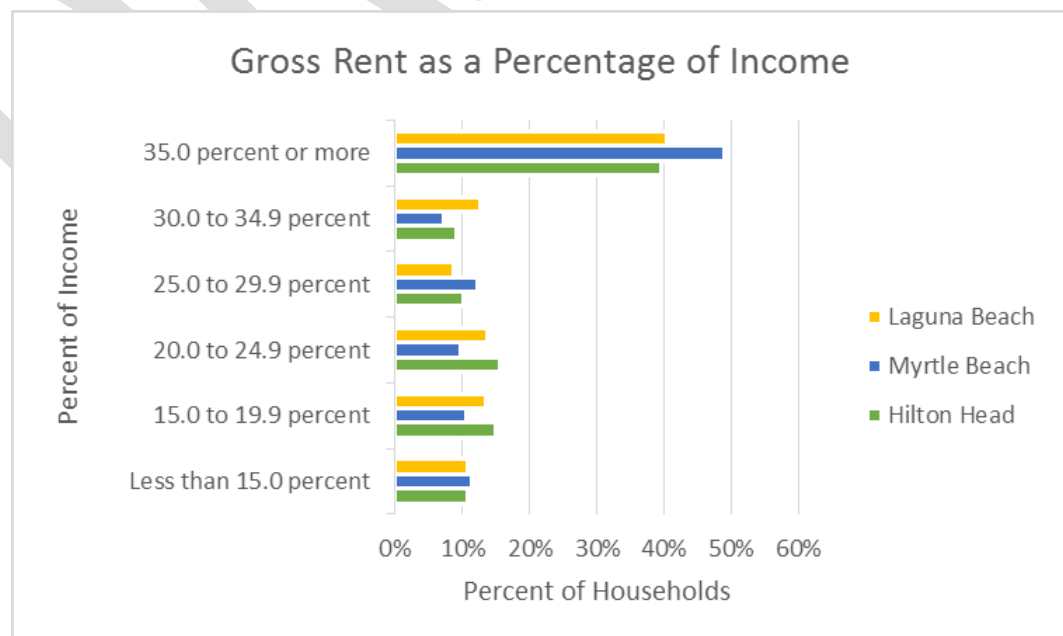
Several agency executives referred to “affordable housing” as a misnomer. Housing affordability was the first most common impediment identified by interviewees. Median rent on the Island is \$1,300/mo. That would require wages at approximately \$25/hr. More than 20 percent of the rentals cost more than \$1,500 dollars on Hilton Head Island. See chart below.

**Figure 16:
Chart -
Gross Rent**



Public policy suggests that a family should spend up to, or less than, 30 percent of income on housing. However, on Hilton Head Island, more than 40 percent of households pay more than 35 percent of income. See chart below.

**Figure 17: Chart -
Gross Rent by
Percent of Income**



Every year the National Low Income Housing Coalition (NLIHC) assesses the affordability of rental housing for all of the counties in the United States and issues a summary report titled “Out of Reach.” NLIHC gathers and produces data on what wages it takes to afford apartments in Beaufort County (level available), which is likely lower than that of Hilton Head Island but still gives an indication of the costs. For a family the costs are higher, as they need more room. All sizes of apartment’s costs are higher than state averages.

Housing Wage	South Carolina	Beaufort County
Zero - Bedroom	\$10.96	\$12.56
One - Bedroom	\$12.05	\$15.25
Two - Bedroom	\$14.57	\$18.08
Three - Bedroom	\$19.04	\$22.92
Four - Bedroom	\$23.28	\$27.69
Annual Income Needed to Afford		
Zero - Bedroom	\$22,798	\$26,120
One - Bedroom	\$25,068	\$31,720
Two - Bedroom	\$30,307	\$37,600
Three - Bedroom	\$39,611	\$47,680
Four - Bedroom	\$48,430	\$57,600

Figure 20: Table - Apartment Affordability

Their data demonstrates the affordability (or lack thereof) of housing in the Lowcountry for households with low and moderate incomes.

The NLIHC assumptions for South Carolina for 2015 are summarized as follow:

In South Carolina, the Fair Market Rent (FMR) for a two-bedroom apartment is \$699. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$2,330 monthly or \$27,959 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$13.44.

In South Carolina, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 74 hours per week, 52 weeks per year. Or, a household must include 1.9 minimum wage earner(s) working 40 hours per week year-round in order to make the two bedroom FMR affordable.

In South Carolina, the estimated mean (average) wage for a renter is \$10.64 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 51 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.3 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

Monthly Supplemental Security Income (SSI) payments for an individual are \$674 in South Carolina. If SSI represents an individual's sole source of income, \$202 in monthly rent is affordable, while the FMR for a one-bedroom is \$614.

DRAFT

High Cost of Housing

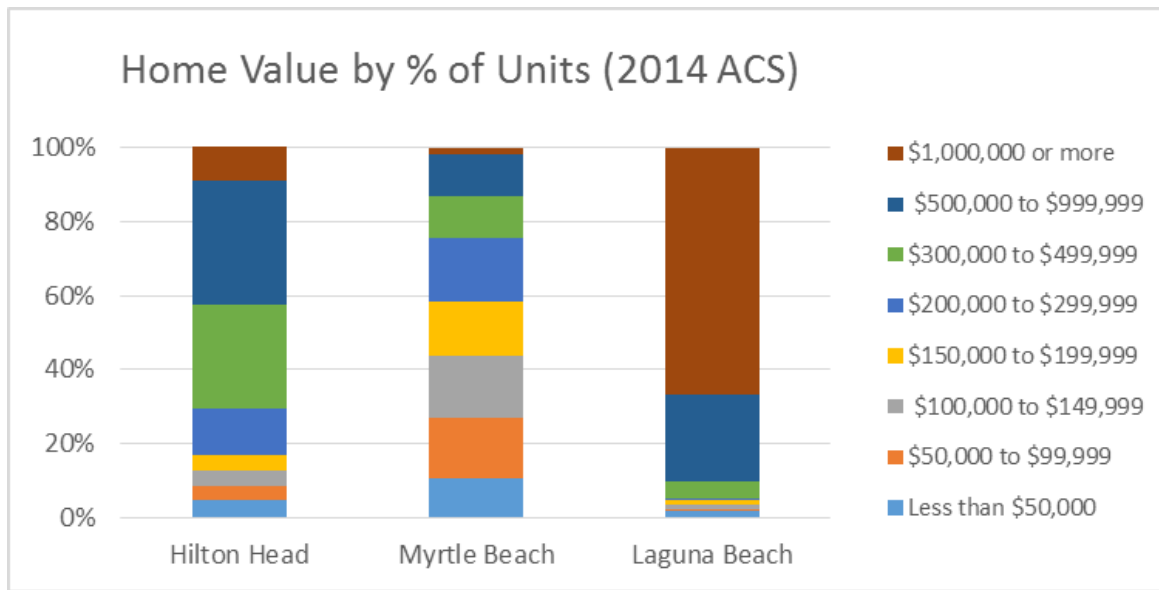


Figure 18: Chart - Housing Value Comparison

Rapidly accelerating costs of land and construction and the cost of compliance with local building codes drove up the price for housing beyond the affordable range for low-income and moderate-income households.

A number of indicators show how expensive building new housing on the Island is:

- The Hilton Head Association of Realtors Multiple Listing Service (MLS) maintains data for a large number of listings and sales in Beaufort County. **(NEED DATA)**
- Building Permits. In 2014, the average cost of construction for a single family home on the island was \$576,675. Although lower than at the peak of the building boom in 2008, the costs are still well beyond the range of what low-income and moderate-income households can afford.

	2014	2013	2012	2011	2010	2009	2008
SF Number	168	178	76	58	49	21	46
SF Value	\$96,881,348	\$81,479,372	\$42,752,741	\$42,481,323	\$27,170,953	\$13,743,715	\$33,157,287
Average SF (w/o Land)	\$576,675	\$457,749	\$562,536	\$732,437	\$554,509	\$654,463	\$720,811
MF Number	30	46	0	1	0	18	2
MF Value	\$2,274,481	\$8,117,692	0	\$4,591,379	0	\$2,531,734	\$2,873,986

Figure 19: Table - Building Permits

Inventory

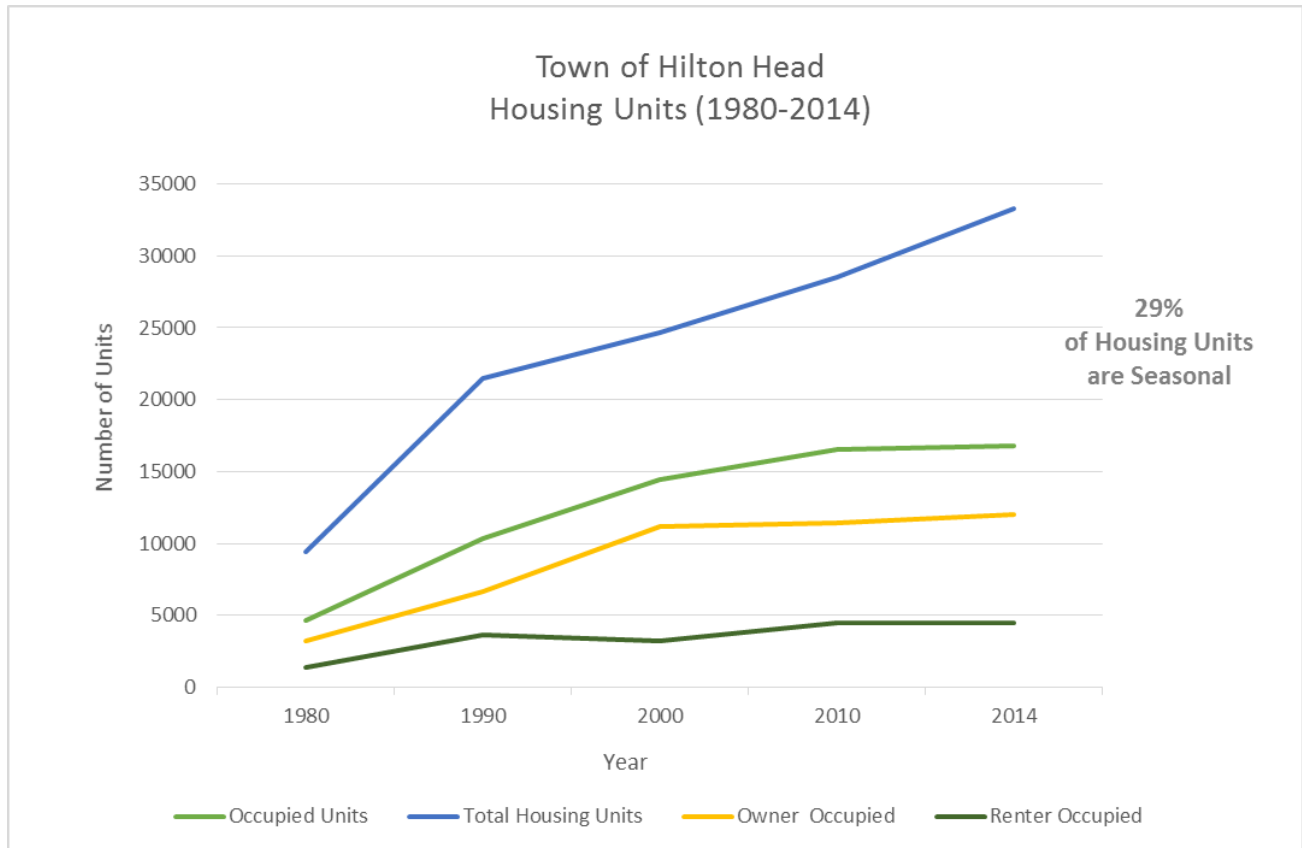


Figure 20: Chart - Housing Units Inventory

Lenders, social service agencies, and community leaders noted that there is a scarcity of low-income rental housing and affordable housing for purchase by moderate-income households in the Town of Hilton Head Island. ACS 2014 Data shows that a significant portion of housing is seasonal (29 percent). Building permit data indicate that over the last few years, some multifamily units have been developed, but when comparing that to Census data it is likely those units are condos and timeshares for seasonal rentals.

Interviewees expressed concern that the supply of affordable rental units becoming increasingly attractive for redevelopment as some communities have experienced instances of gentrification. Because of the shortage of such rental housing, the waiting list of those in immediate need of housing far surpasses the number of units available. It is not uncommon for a client to be on the list for twelve months, or even longer.

One example mentioned several times is Bluffton House, as redeveloped into Avalon Shores, a higher end apartment community, thus reducing the available low-income housing in the area. There is anxiety that more of this is going to happen on the Island.

Transportation

The ideal situation would be to have adequate numbers of affordably priced housing units located within walking distance of Hilton Head Island’s major employers and employment centers, as well as medical, educational, retail centers and services. This is not economically possible, because property values are actually higher nearer the places where jobs are most plentiful. Consequently, those persons in lower-paying jobs cannot afford to live near their places of work, school, shopping and health care. As a result, transportation—or the lack thereof—emerges as an impediment to fair housing in the Town of Hilton Head Island.

The chart below depicts the vehicles available for households on the Island. Note that there is a significant number of households (935) with no vehicle available, but one vehicle can also be problematic for families where two or more members of the household work or go to school.

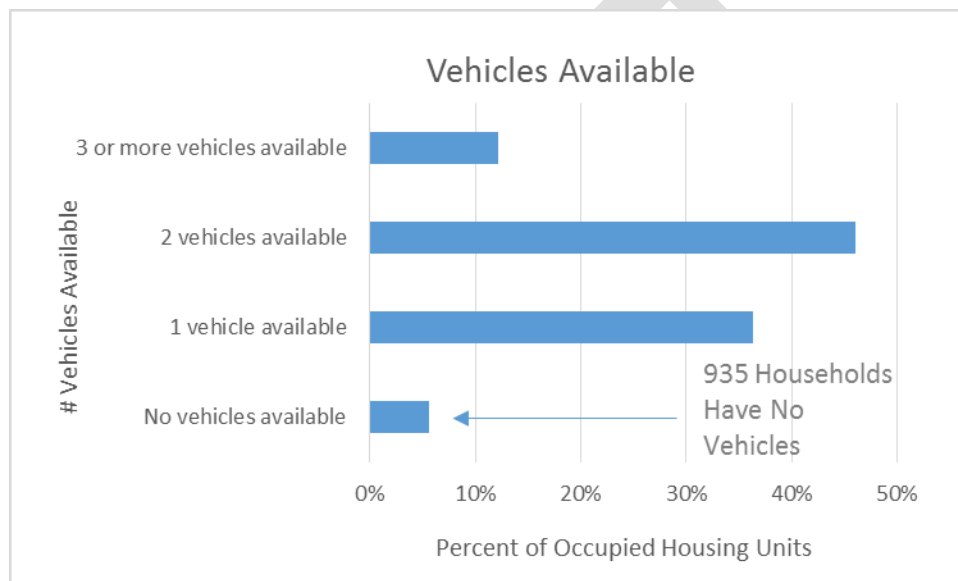


Figure 21: Chart - Vehicles Available

For more than 30 years, Hilton Head Island has been considered the “economic engine” of the region; now Bluffton and southern Jasper County have joined with the resort area to provide approximately 46,000 jobs for residents of all four counties, according to recent estimates. With Hampton and Colleton counties regularly having the highest unemployment rates in the Region, residents regularly travel from relatively inexpensive housing located as far away as Estill (in Hampton County) and Cottageville (in Colleton County) every day to and from jobs in southern Beaufort and Jasper counties (see map on next page). As a result, some people spend as much as four or five hours a day on buses or two to three hours in cars. Many interviewees discussed the traffic on-and-off the Island, especially during high commute times. They expressed the value of time and money spent on the extremely long commute made by some and the potential health effects.

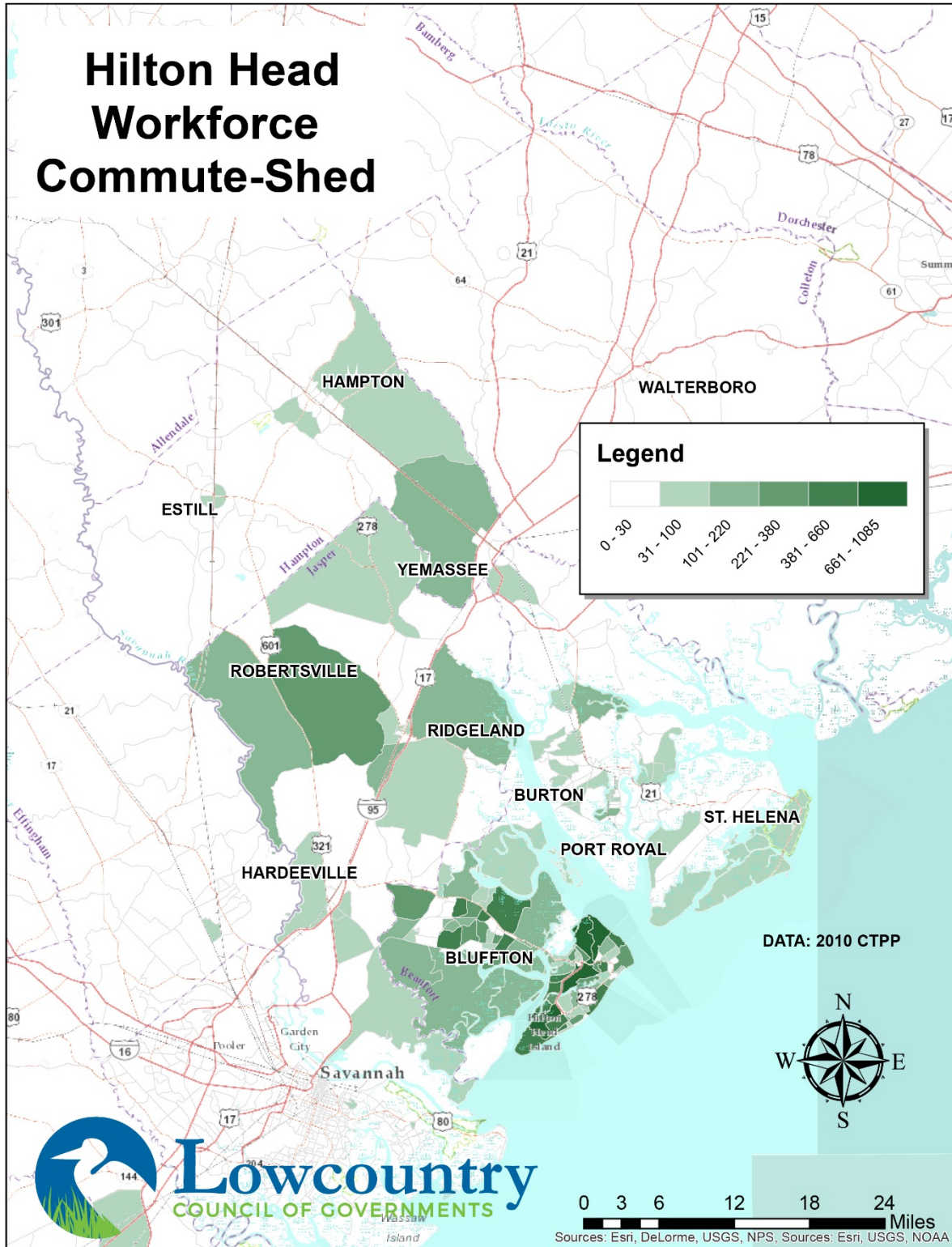


Figure 22: Map - Hilton Head Island Commute Shed

The following table, with data from the 2000 Census and the 2014 American Community Survey, provides an overview of commuting patterns in the Region. The average commuting time has become somewhat shorter.

	2000 Census			2014 American Community Survey		
	Percent Using Car Pools	Percent Using Public Transit	Mean Commuting Time (minutes)	Percent Using Car Pools	Percent Using Public Transit	Mean Commuting Time (minutes)
Hilton Head Island	14	1.5	16	11.9	0.4	18
Beaufort County	14.4	1.2	23.3	11.4	0.4	21.1
South Carolina	14.0	0.8	24.3	9.3	2.1	23.1

Figure 23: Means to Work and Commute Time

Palmetto Breeze, the operating name for the Lowcountry Regional Transportation Authority (LRTA) and its predecessor, the Beaufort-Jasper Regional Transportation Authority, have operated public transit service in the area since the 1970's. Most of Palmetto Breeze's service is centered on Beaufort County's most densely populated areas, the home of 60% of the Region's population, and the location of major tourism and employment facilities, as well as medical, institutional, educational and government services. Service to the other three counties is limited to the rush hour commuter service linking to Hilton Head Island.

Feedback from human service agencies, local officials, and businesses emphasized the important role that Palmetto Breeze plays in providing transportation to a number of Region's residents to enable them to access employment, human and medical services, and shopping. However, the representatives indicated that there are many unmet transportation needs on Hilton Head Island because of the limited service and the predominant pattern of the service – one-way commuter service to southern Beaufort County. One person did indicate that the availability of transportation for disabled individuals is very limited.

Small Urban Area

In spite of these and other obstacles, LCOG and Palmetto Breeze are working together and with SCDOT to provide more public transportation options to residents of the Town of Hilton Head Island within the next few years. With rapid population increases in the Hilton Head Island Area, federal law required the creation of the Lowcountry Area Transportation Study (LATS) and Metropolitan Planning Organization. This means that federal funds, with a local match, are allocated for transit activities and specifically set aside for Hilton Head Island and Bluffton's Small Urbanized Area (see map below). This program is referred to 5307 funding. Future route expansions and services are being planned as of this writing. New routes will better service densely populated and high traffic areas on Hilton Head Island. There may be opportunities to connect areas where there are known neighborhoods with high numbers of households without vehicles.

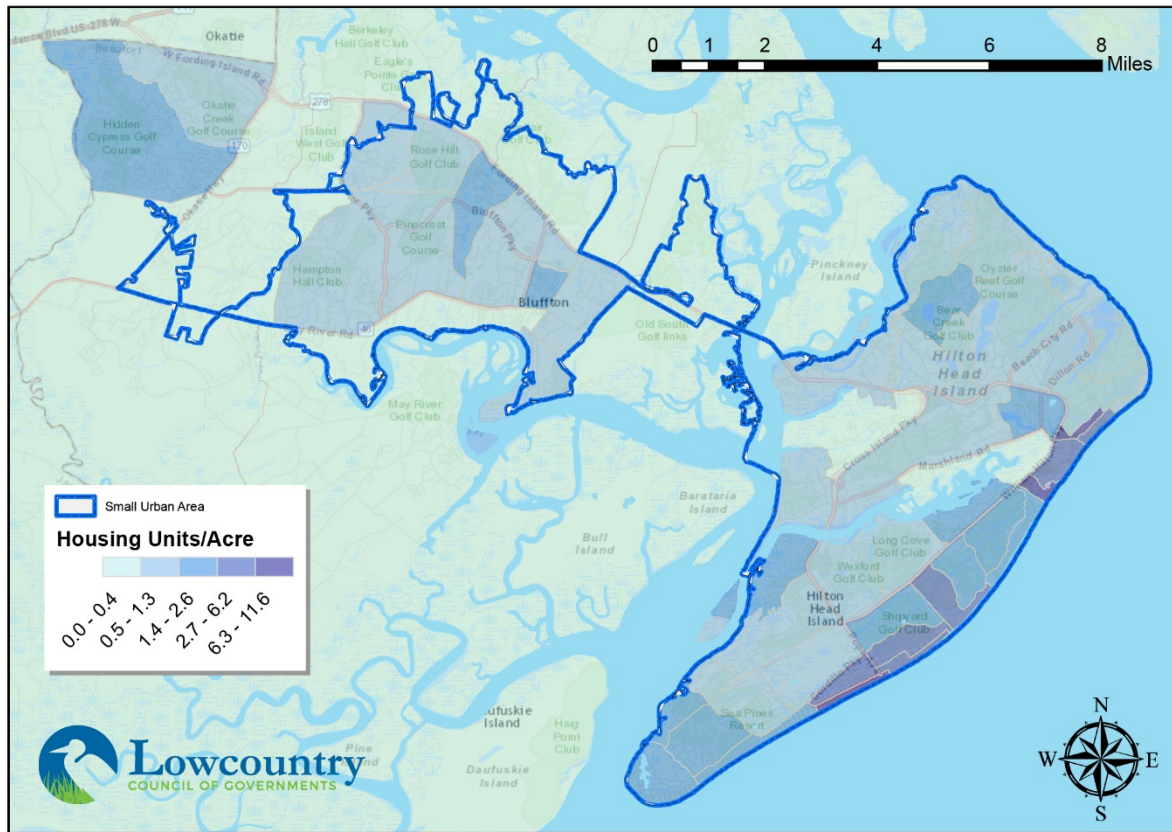


Figure 24: Map - Small Urban Area and Population Density

Shelters and Homelessness – Limited Facilities

Through a HUD sponsored census, the estimates show that 436 homeless people were in Beaufort County in 2012. Data that are more recent will be available in the coming year.

- 33 Street homeless
- 34 Living in an abandoned structure or vehicle
- 115 Were facing eminent eviction, with no place to go
- 16 Housed in the domestic violence shelter
- 23 Sheltered
- 215 Students received McKinney Vento act assistance. (displaced children)

Figure 25: List -Homelessness Census - 2012

Source: United Way/Beaufort County Alliance

Homelessness and the resulting need for shelters continues to receive little attention from the public in the Beaufort County. This has been a persistent problem, especially where there has been a movement over the years to provide a homeless shelter; however, the topic continues to be quite controversial.

A few years ago, Family Promise of Beaufort County was started. This is a faith-based organization that serves only homeless families. It does not provide a permanent shelter, but rather partners with faith-based organizations to provide places to sleep (in church facilities, which provide accommodations on a weekly rotating basis), meals, transportation to employment if the adult is employed, job readiness assistance, financial literacy classes and parenting classes. The data below show the number of people assisted by the organization over the last few years.

Family Promise	2013	2014	2015
Assisted – Beaufort County	220	269	140 (preliminary)

While family promise serves the community well, still however, there is no actual homeless shelter in Beaufort County. This limitation severely impedes any stability the homeless might hope to achieve, even on a temporary basis. Several agencies stated they occasionally provide a bus ticket for a homeless person who has a destination but cannot get beyond the community where he/she is wandering. Some agencies also provide bus tickets to Savannah, where there is access to shelters.

According to the South Carolina Council on Homelessness:

“Most providers would include people who temporarily are living with other people in the definition of homelessness. Often referred to as the “doubled up” population, this includes people who, lacking their own permanent housing, stay with friends or family for short periods of time. They may or may not contribute to the household materially or in-kind. National and local studies suggest that the experience of “doubling up” is closely associated with other forms of homelessness. Because “doubling up” is a coping strategy frequently adopted by families and used in rural areas that lack housing programs, it is important to consider this type of homelessness in the state’s plan to end homelessness.”

Interviews revealed that doubling-up is an issue on the Island as rental costs exceed the ability of one family to afford the cost of an apartment. Doubling up may exceed a safe capacity of the housing unit and threat to all occupants of the building. There is also the phenomenon known as “couch surfing,” where homeless clients stay with family or friends, in effect doubling up and tripling up, for a period of time, and then moving on to another friend or relative once they have exhausted their welcome. Creative clients find shelter in wooded areas, shopping centers and wherever they perceive to be a warm, secluded and safe shelter. Temporary can turn into weeks, and is particularly pernicious if children are involved. This instability affects issues concerning employment for adults, as well as educational opportunities for children.

Agencies which provide housing for physically or mentally challenged persons are limited by strict SC regulations concerning capacity, ratio of clients to supervisors, mandatory live-in counselors, and proximity of agency to housing. The continuation of state funding cuts and acceptance in the community affect the size and placement of housing in the community. The placement of clients is sometimes determined in Columbia, SC and typically that placement is not sensitive to the nearness of family members. There is a waiting list state-wide, and when a spot opens locally, the state, with some limited input from the local director, determines who will fill the vacancy. The population has not changed appreciably over the last 5-10 years, and for the most part, according to one local director, usually the only time a space opens is when someone passes away. For senior service agencies that do not have an inventory of housing units, it is especially challenging to provide referrals to properties which are affordable and provide ADD modifications. Several agencies, including Deep Well, the Salvation Army, and the local United Ways will provide a band-aid approach for clients in fear of losing their housing. They will provide the client with one or two nights housing at a cooperating motel, or can assist with rental dollars one time to get over a crisis.

Financial Illiteracy

Because of lack of knowledge concerning financing—especially of home purchases—low-income persons may not be aware of all of the potential resources available, they may not be aware of all of the implications involved in complicated subprime financing or they may become victims of predatory lenders. They may pay premium rates and be subject to unreasonable penalties. This can cause low-income clients to have poor or no credit, which ultimately negatively affects qualifying for rental housing or purchasing a home. Several agencies and organizations require or make easily available classes for educating their clients concerning budgeting, borrowing, responsible loan repayments, record keeping and saving. Literature and instructions are offered in Spanish when necessary.

An example of the educational outreach as conducted by Lowcountry Habitat for Humanity and Habitat for Humanity, Hilton Head Island are examples of some organizations that require clients to take homebuyers' education class. These classes, provided in conjunction with areas banks cover the following subjects:

- Defining needs and developing personal goals
- Advantages and disadvantages of homeownership
- Taking charge of your finances
- Learning to walk away if you can't afford it
- Predatory lending/subprime mortgages
- Tax advantages of homeownership
- Preparing and balancing a budget/types of expenses/Debt warning signs
- Cleaning up credit problems/Disputing errors/Credit "repair" clinics
- Consumer credit laws
- Foreclosure prevention
- Fair housing laws.

Without such education, low-income and moderate-income clients may not be aware of key issues that affect their short-term and long-term ability to purchase, or even rent, adequate housing. These include such matters as the need for developing and keeping to household budgets, maintaining a good credit rating, the need to establish a regular (preferably payroll) savings plan, etc.

As well, without being aware of the realities of the financial world, low-income clients can fall prey to scams and predatory lenders. Predatory lenders most often seek out clients with low credit scores, minority purchasers, elderly persons and clients with little or no financial literacy. While these lenders continue to multiply, when clients receive financial literacy information and take homebuyers courses, they have a better awareness of the pitfalls of predatory lending.

Several of the interviewees indicated that financial education was provided and often mandatory when housing assistance was provided. Included were Beaufort Housing Authority, Hilton Head Island Habitat, Deep Well, Workforce Investment, and Family Promise. Those organizations who do not provide this type of education themselves often partner with other organizations and with banking institutions and require or strongly encourage their clients to take these courses.

Discrimination

SC Human Affairs Commission:

“The Commission’s key strategic goals are (a) to increase the number of discrimination complaint resolutions attained, while reducing the average processing time and maintaining the qualitative standards which have consistently ensured the agency’s actions withstand review by other relevant authorities, thereby providing our customers with timely, effective customer service.”

Most of the individuals interviewed indicated that they were not aware of overt discrimination in issues of housing, in race, gender or age categories. However, most of the individuals interviewed said there were not aware of discriminatory (racial) practices. A few said that they knew of subtle forms of discrimination but that it was not one of the top barriers. They offered no examples, simply to say that sometimes there were subtle general and vague comments.

When interviewing the director of the HIV/AIDS nonprofit that serves Beaufort County, it was noted that discrimination against that population has really declined in the last 5-10 years. This is believed to be due to the concerted effort to education the public about the increase in successfully managing the illnesses. The director said she also is diligent in educating her clients about fair housing laws and their rights.

This director did note an interesting trend. The organization has expanded its mission to include helping their clients, as well as other low-income families and individuals to find affordable housing. As this has occurred, some of the clients that come to her have criminal records. In some cases this has proved problematic in securing housing. The most difficult of these clients are sexual offenders, who by law, must register as such. When landlords check with the Registry (CRC) and a prospective tenant’s name shows up, often they are not willing to rent to that individual.

Other Impediments

Here are several impediments to housing which are not unique to this Hilton Head Island but nonetheless impact the clients served by regional agencies. Interviewees alluded to one or more of the following impediments as typical of what their clients encounter:

- Budgeting skills of client are limited. Low-income clients juggle payment of expenses, pool wages and go from one pay day to the next. The urgency of obtaining affordable housing is vital for survival of the family, followed closely by expenses for food, medical, transportation and childcare. The lack of budgeting skills results in poor credit ratings and the ability to have the required money to secure a lease and requisite deposits.
- Illiteracy to complete necessary documents is typical of the increasing Hispanic population in the region. Several agencies do provide bilingual forms and Spanish-speaking staff. However, this is the exception and not the norm.
- Childcare costs are not easily affordable based on the low wages typical of the area for unskilled labor. Parents frequently rely on family to provide childcare which is more like babysitting rather than professional childcare. Limited public transportation from home to childcare to work further compounds the problem.
- Waiting lists for occupancy are excessive in relation to inventory for rentals. Typically the list has a waiting time of a year or more.

7 SPECIAL CLIENT CATEGORIES

Older Population

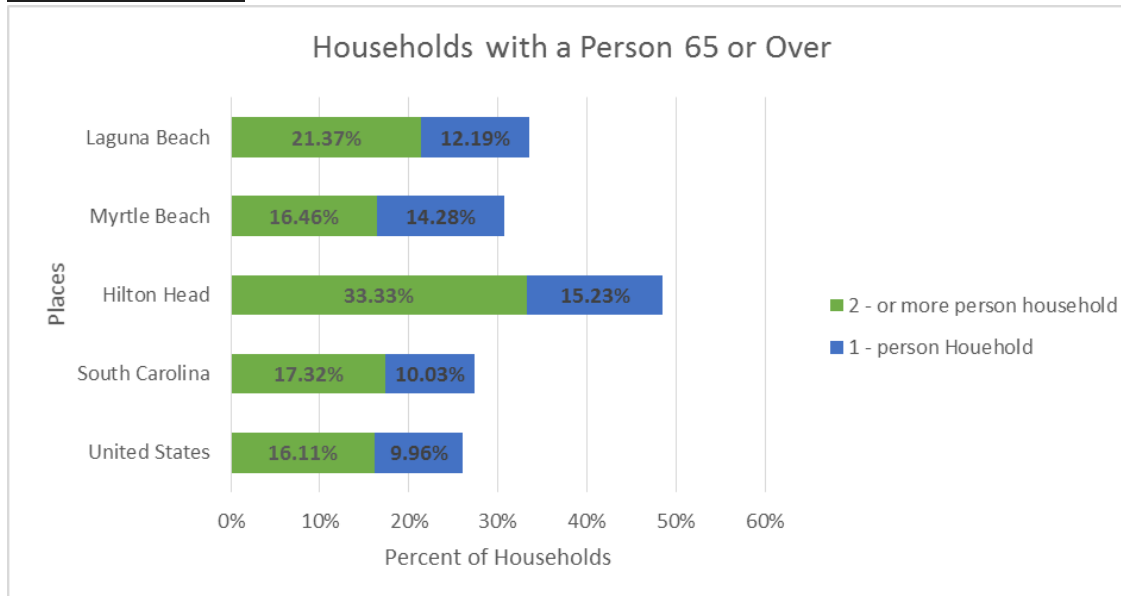


Figure 26: Chart Households 65 and Over

The Town of Hilton Head Island’s population aged 65 years and older grew significantly both in absolute numbers and as a percentage of the population between 2010 and 2014, as the table on the following page demonstrates. The rate of increase on Hilton Head Island during that period was especially noteworthy. There are long-term housing and social service implications related to the fact that large numbers of older persons are moving to the Hilton Head Island area, especially as the number of very elderly persons (85 + years old) is also growing, as the second line shows. Affordable housing needs of the elderly population may be ignored because that segment of the population moving to the area is well able to purchase more expensive housing. However, there are long-time residents who are in need.

	2000	Percent of Population	2010	Percent of Population	Percent Increase 2000-10	2014	Percent of Population	Percent Increase 2010-14
65 and over	8,150	24.10%	10,703	28.80%	31.33%	12,430	3.23%	16%
85 and over	753	2.20%	1,477	4	96.15%	1,623	4.20%	9.88%

Senior clients strive to keep and maintain their housing but are frequently faced with balloon payments, and insufficient insurance policies that do not cover damages. Sale of the home is sometimes hampered by the “Heirs Property” situation, which clouds title to property and results in the home being not marketable. Low-income seniors rely mainly on social security income and under the worst condition may have to choose between affording the housing or paying for medical services. Other housing impediments seniors face is the lack of ADA modifications in available units, such as safety bars in bathrooms, raised counters and wide doorways to accommodate wheelchairs. A safe environment, proximity to family and church, a social network, shopping and physicians are key elements for seniors’ needs. Frequently the senior client is not open to or able to manage major changes, such as relocating away from their present community. Beaufort County Housing Authority noted the lack of one-bedroom homes for single seniors on the Island. seniors.

Single-Parent Families

Single-parent family households are increasing on Hilton Head Island as the Figure 28 shows. There are special considerations for those families. Through the interviews, it was reported that some families double-up. The inflection point where this happens is when rent exceeds \$1000/mo. according to one interviewee. Others reported the supply of available apartments at an affordable price limits the amount of privacy a family has.

Families:	2010	2014	Percent Change
Family Households	9,889	10,700	8.20%
Husband-Wife Family	8594	9,048	5.28%
Male householder, no wife present	n/a	532	n/a
Female householder, no husband present families	893	1,120	25.42%

Figure 27: Chart - Single Person Families on Hilton Head Island

In addition to financial burdens for housing, working parents are faced with providing childcare, having transportation for work and delivering the child to childcare, and living in a safe environment conducive to raising children.

Hispanic Residents

Hispanics seeking housing face problems with a language barrier, since few agencies have bi-lingual employees on staff. They are not familiar with housing agency procedures and have a basic fear of government and government agencies, particularly if they are illegal residents. Some interviews reported that a number of Hispanic families are living in substandard housing. Substandard housing is an effect of poverty and can exacerbate health issues such as asthma in children. These homes are more prone to fire and damage. The census indicates (see page 14) an increase in Hispanic residents.

Disabled Persons

According to Beaufort County Disabilities and Special Needs (DSN), there is a need more housing that is handicap accessible on the first floor and fits the budget of the clients. At this time, housing is modified to meet the needs of the disabled. DSN serves 8 people on Hilton Head Island with intellectual disabilities and some with comorbidity.

8 QUALIFYING CLIENTS

Mortgage lenders reported that the key reasons for persons of low- and moderate-income not being qualified for traditional mortgage loans are:

- Inadequate incomes
- Poor credit ratings
- Lack of down-payments
- Inadequate debt to Income Ratio

These are usually related to the income and financial literacy issues discussed in previous sections of this report.

DRAFT

9 POSITIVE STEPS TO REDUCE IMPEDIMENTS

Progress has been made in the region to positively affect the conditions, both private and public, for the provision of low-income housing. The Beaufort County Alliance for Human Services has brought together 22 agencies in Beaufort and surrounding counties to share housing initiatives, funding information and creative approaches to the low-income housing problems in the area.

The Town of Hilton Head Island

- In coordination with the Lowcountry Foundation, the Town has committed to \$3.5 million dollars of sewer improvements by 2010. This will connect sewer to lower-income areas that currently rely on septic systems. The improvements will extend service along Gumtree, Marshland, Squire Pope, Wild Horse, Jonesville, Fish Haul, Bay Gall and Chaplin roads.
- The Town plans to use HUD CDBG to pave dirt roads in several areas.

Blazing Star Land	2015	2016	Census Tract 105
Rhiner Drive Paving	2016	2017	Census Tract 105
Wiley Road Paving	2017	2018	Census Tract 108
Murray Avenue Paving	2018	2019	Census Tract 105

Nonprofit organizations

Hilton Head Habitat for Humanity: Pat Worth, Executive Director of Hilton Head Habitat for Humanity advised that homes built by Habitat for Humanity are for long-term ownership, not rental. The organization requires homeowners to take classes to learn about responsibilities associated with home ownership, such as timely mortgage payments, maintenance of the home to protect investment, insurance, budgeting, and financial and credit counseling. Applicants for habitat homes must agree to provide “sweat equity”, not only for their own construction but also on future homes for others.

Habitat is building 10 homes on Hilton Head Island where the Town donated the land. Many Town appointed and elected officials have participated in the development of the homes. Unfortunately, the demand was greater than the supply. There was a public informational meeting held where 379 individuals attended and 175 applications were received for the 10 units.

Beaufort County Alliance for Human Services is a partnership of non-profit, public and private agencies, organizations and community members created in 2003. Members

include local leaders representing a diverse range of human service organizations. Community agency members of the Alliance are developing new approaches to serve the homeless. Most recently, the Affordable Housing Coalition has formed, which includes community members with an interests in specific housing issues as well as those from planning commissions and planning departments.

Beaufort Housing Authority (BHA), provides rental housing and section 8 vouchers. Clients suffer loan denials due to inability to qualify for loans, financial illiteracy leading to poor credit, and a limited supply of affordable housing to meet the increasing volume of clients. The Authority inventory on Hilton Head Island (Sandalwood Terrace) consists of 80 public housing units and 11 Section 8 units, whose residents pay 30 percent of their income. There are no plans to increase the inventory. Waiting time can exceed a year.

The following impediments were identified by Angela Childers, Executive Director of BHA as the most prominent:

- The limited inventory of units (with no plans for increasing housing) compared to the waiting list. Clients may be on the list for more than a year. Affordable housing in the Hilton Head Island area exceeds the clients’ ability to afford the available housing in the area.
- Financial literacy is typically beyond the comprehensive ability of clients. This results in overpayment or high interest rates for major purchases such as automobiles, furniture and check cashing. Because of bad credit and budgeting skills, the clients may not have the money to pay utility deposits when a unit becomes available.
- Additionally, the comment was made that “affordable housing isn’t really affordable on Hilton Head Island.” This condition continues, with the lack of jobs that pay an adequate wage.

**Sandalwood Resident
Demographics (2016)**

Elderly	25-30%
Disabled	20-25%
Working Poor	40%
White	35%
Black	65%
Hispanic	4%
Families	80
Children	93

Table 1: Sandalwood Demographics

10 LEGISLATION

In general, Federal legislation eliminates barriers to obtaining fair housing that are related to race, color, gender, national origin, disabilities, age and similar issues. The laws and executive orders have been progressive in that successive acts have dealt with additional conditions or barriers as they have been identified as barriers.

Some Interviewees discussed the lack of state legislation. It was suggested that a lobbying effort begin to encourage state legislators to enact tax credits utilized to cover the gap between the cost of construction and the ability to make profits on affordable housing development.

8.1 Federal Laws and Presidential Executive Orders

See following page.

DRAFT

The Fair Housing Laws:

- **Fair Housing Act**
Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability). More on the Fair Housing Act
- **Title VI of the Civil Rights Act of 1964**
Title VI prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving federal financial assistance.
- **Section 504 of the Rehabilitation Act of 1973**
Section 504 prohibits discrimination based on disability in any program or activity receiving federal financial assistance.
- **Section 109 of Title I of the Housing and Community Development Act of 1974**
Section 109 prohibits discrimination on the basis of race, color, national origin, sex or religion in programs and activities receiving financial assistance from HUD's Community Development and Block Grant Program.
- **Title II of the Americans with Disabilities Act of 1990**
Title II prohibits discrimination based on disability in programs, services, and activities provided or made available by public entities. HUD enforces Title II when it relates to state and local public housing, housing assistance and housing referrals.
- **Architectural Barriers Act of 1968**
The Architectural Barriers Act requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds after September 1969 must be accessible to and useable by handicapped persons.
- **Age Discrimination Act of 1975**
The Age Discrimination Act prohibits discrimination on the basis of age in programs or activities receiving federal financial assistance.
- **Title IX of the Education Amendments Act of 1972**
Title IX prohibits discrimination on the basis of sex in education programs or activities that receive federal financial assistance.

Fair Housing-Related Presidential Executive Orders:

- **Executive Order 11063**
Executive Order 11063 prohibits discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.
- **Executive Order 11246**
Executive Order 11246, as amended, bars discrimination in federal employment because of race, color, religion, sex, or national origin.
- **Executive Order 12892**
Executive Order 12892, as amended, requires federal agencies to affirmatively further fair housing in their programs and activities, and provides that the Secretary of HUD will be responsible for coordinating the effort. The Order also establishes the President's Fair Housing Council, which will be chaired by the Secretary of HUD.
- **Executive Order 12898**
Executive Order 12898 requires that each federal agency conduct its program, policies, and activities that substantially affect human health or the environment in a manner that does not exclude persons based on race, color, or national origin.
- **Executive Order 13166**
Executive Order 13166 eliminates, to the extent possible, limited English proficiency as a barrier to full

and meaningful participation by beneficiaries in all federally-assisted and federally conducted programs and activities.

- Executive Order 13217
Executive Order 13217 requires federal agencies to evaluate their policies and programs to determine if any can be revised or modified to improve the availability of community-based living arrangements for persons with disabilities.

DRAFT

The Town of Hilton Head Island addresses affordable housing as a planning goal or objective in their Comprehensive Plan. Because the state of South Carolina's 1994 Enabling Legislation requires a "Housing" element in all Comprehensive Plans, a review of the document shows that most of them espouse planning policies that are supportive of the provision of affordable housing in the jurisdiction, although there are expressions of ambivalence in some. On the other hand, Zoning and Development Standards ordinances, as well as the ISO-required building codes in the southeastern coastal (i.e., hurricane-prone) areas of the Lowcountry, contain regulations of such stringency that the provision of affordable housing is constrained by the additional costs of building. In some jurisdictions, by means of goal-setting and/or incentives, the provision of affordable housing is actively encouraged.

The Town of Hilton Head Island adopted an updated comprehensive plan in 2012. In it, the issue of affordable housing was prominently addressed. In the inventory and analysis section, the following statement exists:

The lack of affordable housing is an often cited problem both within the Town and in Beaufort County. The dominance of the service industry has tended to keep wages lower for a large segment of the population. At the same time high land values have driven housing costs up significantly, particularly in comparison to the rest of South Carolina. The result has been erosion in the ability of many of the Island's workers to find affordable housing on or near the Island. The consequences include heavy rush hour traffic volumes which necessitate the building of more transportation infrastructure, long commute times, the possibility of economic losses as businesses move mainland because of a lack of labor, and degraded quality of life for many area families.

As well as recognizing the need to collaborate region-wide on affordable housing issues, the Town of Hilton Head Island comprehensive plan states that production of affordable housing is critical:

Comprehensive Plan Language

The following information is directly from the Town of Hilton Head Island Comprehensive Plan:

- **Land Costs**

Land costs are a limiting factor in the construction of affordable or workforce housing units. The increasing cost of land is related to the high demand for development sites on Hilton Head Island. The fact that Hilton Head is an island means that there is no room to expand outward via annexation. As the availability of land decreases, costs for land increase, often creating larger scale developments that have the potential to deliver higher profits to offset the cost of land, ultimately decreasing the affordability of housing units.
- **Land Supply**

Land is a finite resource as the Town approaches build-out. There is less land available for housing and the land that is available is very expensive. The remaining vacant land on the Island is not only limited but often challenged with costs associated with providing utilities and access.
- **Construction Costs**

Increasing construction costs are also a factor that creates a barrier to the development of affordable housing. This includes the costs of materials and delivery of the materials to the Island, as well as increased labor costs. Building codes, flood plain requirements, and costs associated with building in an area susceptible to hurricanes can significantly impact the affordability of housing. Fees required by government agencies also increase the cost of affordable housing, such as impact fees, building permits, licensing fees, utility service fees and other outside agency approvals.
- **Long Term Sustainability**

The initial construction costs are a barrier to affordable housing as well as the increased living expenses associated with residing in the Town. Much of the housing in the Town and land available for housing is subject to floodplain insurance requirements as well as other insurance requirements, such as wind and hail. Many residential developments operate under organized home owner's associations, which also require payment of fees to cover costs associated with common open space, amenities and infrastructure.
- **Marketability and Potential**

Because of the challenges that developers already face with construction in a coastal area and all of the barriers listed here, the potential profit is always a factor for the private developer. Developers often strive for the 'highest and best use' which, given the barriers to affordable housing, does not typically result in the construction of housing units geared to the workforce population.
- **Attitudes towards Affordable Housing**

The "NIMBY" syndrome, "Not in My Backyard", is a common sentiment toward affordable housing on the Island. This is a typical response to affordable housing in some communities. Many people make assumptions that affordable housing increases crime and aesthetically unpleasing homes and buildings. This is not necessarily true; however, turning around the NIMBY syndrome is a challenge that developers of affordable housing face in this community.
- **Lack of Developer Incentives**

Developers strive for the highest profit margin, which is determined by various factors. The cost of developing housing in the Town is high based on many factors which have previously been discussed throughout this Plan. The lack of development incentives, such as increased density, decreased parking, increased height standards, etc. which allow the developer to build more than otherwise allowed by Town regulations and requirements do not exist in current codes and may, when coupled with the other barriers, also become a barrier in itself to the construction or availability of affordable housing.

Comprehensive Plan Goals

Housing Units and Tenure

- A. The goal is to encourage redevelopment of multi-family residential structures to meet market demands and new trends.
- B. The goal is to encourage occupancy of existing residential properties.
- C. The goal is to consider incentives that remove barriers to redevelopment and encourage redevelopment of properties that have multiple owners.
- D. The goal is to support programs aimed at increasing home ownership.
- E. The goal is to continue focusing on requiring high quality development to meet future housing needs.
- F. The goal is to monitor availability of housing types and occupancy rates to meet housing demands.

Housing Opportunities

- A. The goal is to engage in projects that encourage affordable/workforce housing on the Island or within the region.
- B. The goal is to look at housing opportunities as a mechanism to maintain its essential workforce.
- C. The goal is to encourage housing options that provide opportunities for residents to age in place.
- D. The goal is to monitor changing demographics and trends in housing development to provide housing options that meet market demands.
- E. The goal is to consider residential overlay districts to maintain traditional single family character.

Barriers to Affordable Housing

- A. The goal is to address housing issues using a systemic approach that integrates other elements such as economic development, transportation and land use.
- B. The goal is to consider mechanisms that decrease or eliminate barriers to affordable housing.
- C. The goal is to address affordable housing considering Town and regional solutions.
- D. The goal is to include partnerships and the cooperation with the entire community.

Implementation Strategies

5.1 Housing Units and Tenure

- A. Consider providing flexibility in the LMO to allow for accessory dwelling units as a housing option.
- B. Consider providing flexibility in the LMO to provide options to the traditional housing or subdivision standards in the form of family compounds. Look to other communities, particularly Beaufort County for examples on how to allow for family compounds which may assist in removing the barrier to legal and title issues associated with heirs property.
- C. Educate owners of heirs property on methods to clear titles and to build houses on their land. Pursue partnerships with organizations such as the Penn Center, a credit counseling agency or legal aid agency to overcome title and credit issues preventing land owners from building homes.

D. Consider revising the LMO to include flexible zoning options and tools that allow a mix of uses for residential over commercial or other live work units. This may be a tool to foster both a commercial and housing option as well as a means to provide affordable housing and to reduce the amount of infrastructure necessary to travel from home to work or other basic services. Other LMO revisions may include regulations to facilitate the conversion and redevelopment of empty commercial or office space to residential units or allow for a mix of residential within the redevelopment.

E. Encourage owners of small properties to assemble land resources through density bonuses tied to increased property sizes.

F. Consider addressing ownership or heir's property issues with tools such as transfer of development rights or the purchase of development rights.

Housing Opportunities

A. Consider developing alternative approaches to affordable housing such as viewing it as community infrastructure and establish a 'minimum level of service' with a focus on transportation and access issues and location related to concentration of employment centers. The level of service concept could be based on a goal of insuring that a specified percentage of the total housing units in a neighborhood or development are affordable.

B. Consider developing a master plan for Town-owned properties that considers future development projects or land swaps for affordable housing sites.

C. Review inclusionary housing programs within the Town boundaries or the region that foster a mix of housing choices and forms.

D. Support employer assisted housing programs to encourage more employees of various professions (teachers, police officers, firemen) to live within the Town limits or within Beaufort County.

E. Consider developing housing programs and other educational workshops to the middle class and workforce housing markets.

F. Educate the public on the potential impact on their daily quality of life that is directly affected by the supply or lack thereof of workforce housing. Workshops and discussion groups should be considered as a means to brainstorm strategies to address housing issues and should involve all players in the community and throughout the region.

G. Review the land acquisition program to determine if an affordable housing component would be an appropriate modification.

H. Encourage redevelopment of individual units to maintain marketability and code compliance, especially in developments that have multiple owners.

I. Consider creating incentives for redevelopment that opt for a planned community approach with goals of diversity in housing cost and transportation modes.

J. Consider flexible ordinances for planned unit developments (PUD), cluster homes and other innovations in housing development that meet workforce housing needs.

K. Consider regulations to require interconnection between developments, which promotes the establishment of neighborhoods and to provide safe and convenient access to neighborhood level of public facilities, particularly parks and schools.

Barriers to Affordable Housing

- A. Encourage property owners of unsafe or dilapidated structures to rehabilitate and convert the buildings to affordable housing should be researched as a means to provide both redevelopment and provide affordable housing.
- B. Facilitate the construction and redevelopment of housing opportunities through economic incentives, such as grants or other funding sources.
- C. Consider establishing a Redevelopment Agency or other similar agency to administer housing programs and continue research housing options, and serve as an educational resource.
- D. Monitor statutory issues and the implications they have on homeowners. This includes any proposed legislation that addresses taxation, property owner's association fees and taxes and the point of sale, or real estate transfer taxes.
- E. Consider creating development incentives to encourage diverse housing options that may include increased density, reduced parking requirements and increased height standards.

Relation to Land Management Ordinance

The interviews indicate that the Land Management Ordinance (LMO) is a major impediment to fair and affordable housing. Through an analysis of the LMO, a gap between what is set as policy in the Comprehensive Plan and the reality of the law in the LMO is evident. Before 2007, the language in the zoning included density bonuses. However, real estate that began as single-family affordable housing developed under special zoning density incentives was later sold at market rates, and policy makers began to question the effectiveness. Ultimately, Town Council repealed the zoning incentives. The incentive language is still in the Comprehensive Plan, even after an update in 2012, yet does not concur with the zoning ordinance.

Another aspect of the Land Management Ordinance that impedes affordable housing, are the restrictions on density. Four units per acre, according to some interviewed, is not adequate for developing affordable housing. One suggestion includes, that the Town undertake a study to determine appropriate areas for increased density under the LMO.

12 RECOMMENDATIONS

Town of Hilton Head Island--Summary of Affordable Housing Implementation Recommendations

Current Comprehensive Plan Recommendations	Suggested Policy Updates
<p>Address housing issues using a systemic approach that integrates other elements such as economic development, transportation and land use.</p>	<p>Identify total benefits of implementing affordable/workforce housing as it relates to total economic impact, effect to transportation systems, and efficient coordination of growth management.</p>
<p>Consider creating development incentives to encourage diverse housing options that may include increased density, reduced parking requirements and increased height standards.</p>	<p>Continue to monitor effectiveness of the Land Management Ordinance and its impacts on affordable/workforce housing.</p>
<p>Monitor statutory issues and the implications they have on homeowners. This includes any proposed legislation that addresses taxation, property owner’s association fees and taxes and the point of sale, or real estate transfer taxes.</p>	<p>Explore ways to lobby state representatives for an affordable housing tax credit. Identify potential funding mechanisms to raise funds for roads, water, sewer, and drainage connections to future affordable/workforce housing development.</p>

Current Comprehensive Plan Recommendations	Suggested Policy Updates
<p>Consider revising the LMO to include flexible zoning options and tools that allow a mix of uses for residential over commercial or other live work units. This may be a tool to foster both a commercial and housing option as well as a means to provide affordable housing and to reduce the amount of infrastructure necessary to travel from home to work or other basic services. Other LMO revisions may include regulations to facilitate the conversion and redevelopment of empty commercial or office space to residential units or allow for a mix of residential within the redevelopment.</p>	<p>Identify target areas where office space or other underutilized structures and land have the potential for redevelopment for residential or mixed use.</p>
<p>Review the land acquisition program to determine if an affordable housing component would be an appropriate modification.</p>	<p>Pinpoint areas where development of affordable housing on Town owned land may be suitable.</p>
<p>Consider developing alternative approaches to affordable housing such as viewing it as community infrastructure and establish a ‘minimum level of service’ with a focus on transportation and access issues and location related to concentration of employment centers. The level of service concept could be based on a goal of insuring that a specified percentage of the total housing units in a neighborhood or development are affordable.</p>	<p>Maximize current transit system & funding sources to benefit the Hilton Head Island workforce. Ensure bike and pedestrian facilities connect low-to-moderate income areas.</p>

APPENDIX A: INTERVIEW LIST

Target Organization	Contact Person	Interview Yes/No
<u>Government Agencies</u>		
Alliance for Human Services	Fred Leyda	Yes
	Ben Boswell	Yes
Beaufort Housing Authority	Angela Childers	Yes
Town of Hilton Head Government	Marcy Benson	Yes
Lowcountry Workforce Development	Hank Amundson	Yes
Lowcountry and Disability Resource Center	Hank Amundson	Yes
SC Human Affairs Commission	Disability and Special Needs	No
Hilton Head Public Service District	Pete Nardi, General Manager	No
Disability and Special Needs	Wanda Mayes	Yes
Beaufort County HOME Program	Barbara Johnson	Yes
Elected Officials	Mayor David Bennett	Yes
Planning Commission	Alex Brown, Chair	Yes
<u>Non Profit Agencies</u>		
Community Foundation of the Lowcountry	Denise Spencer	Yes
Family Promise of Beaufort County	Kate Orsic	Yes
Habitat for Humanity, Hilton Head	Patricia Carey Wirth	Yes
Deep Well	Betsy Doughtie	No
PASOs	Yajaira Benet Uzcategui	Yes
<u>Community</u>		
Bridge Builders	Tom Barnwell	Yes
Neighborhood Outreach Connection	Dr. Sharma	Yes
La Isla	Eric Esquivel	No
<u>Property Owners Associations</u>		
Baygall Property Owners Association	Louis Rivers, President	No
Chaplin, Marshland, Gardner	Dot Law, President	Yes
Spanish Wells-Jonesville Property Owners Association	Irvin Campbell, President	No
Squire Pope - Stoney Gumtree Rd Property Owners Association	Veronica Miller, President	No

Holy Family Catholic Chruch	Rev. Msgr. Joseph F. Hanley, Jr.	Yes
<u>Private Sector</u>		
Atlantic Community Bank	Bob McKinney	No
Developer Ames Co	David Ames	Yes

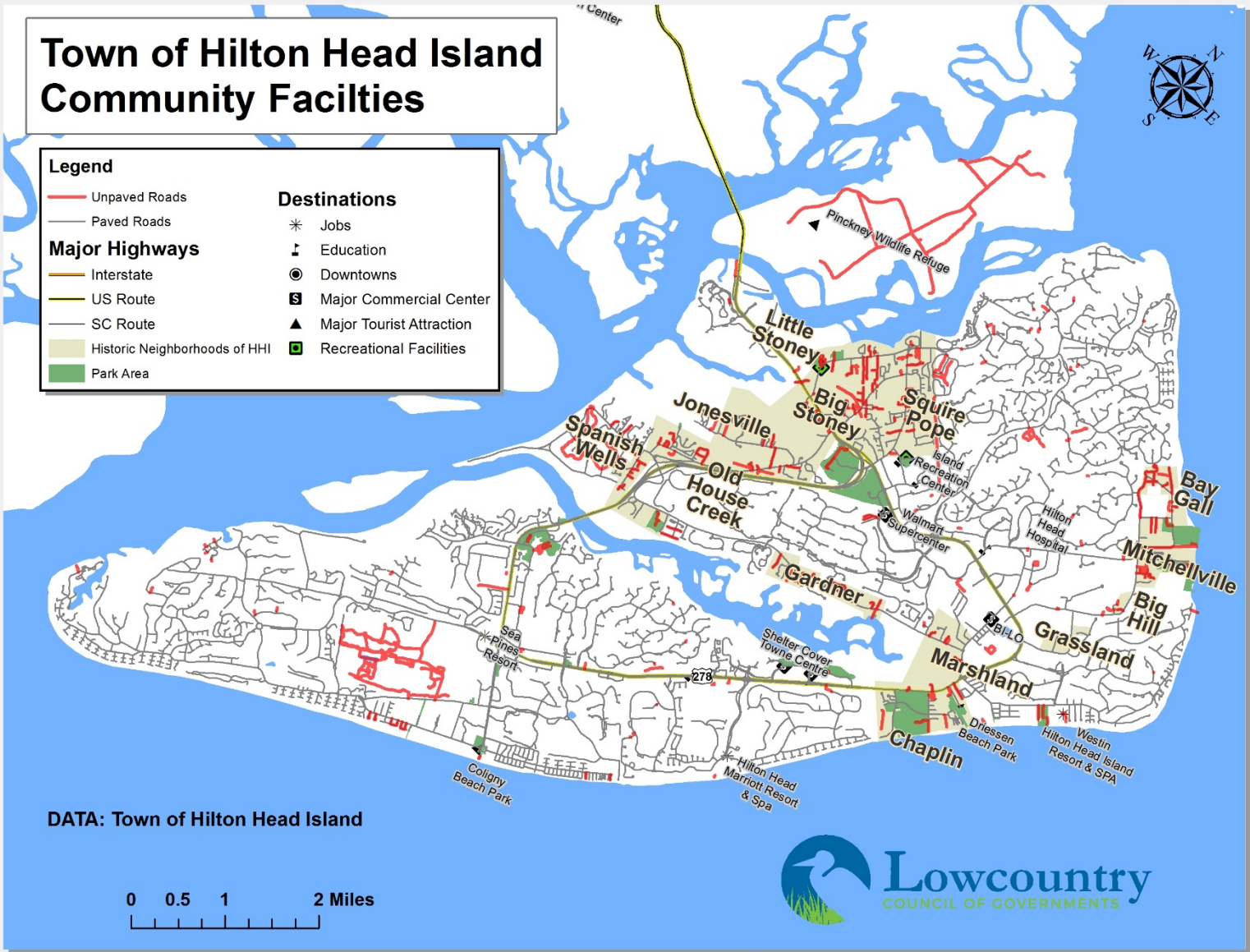
DRAFT

Town of Hilton Head Island Community Facilities



Legend

Unpaved Roads	Destinations
Paved Roads	* Jobs
Major Highways	⌚ Education
Interstate	⊙ Downtowns
US Route	Ⓜ Major Commercial Center
SC Route	▲ Major Tourist Attraction
Historic Neighborhoods of HHI	⊠ Recreational Facilities
Park Area	



DATA: Town of Hilton Head Island



APPENDIX C: HEIRS' ROADMAP

Prepared by: **Thomas C. Barnwell, Jr.; Developer Hilton Head Island,
Barnwell Family Associates LLC, Managing Member**



*Donated TO
LCOG 3/4/2016
[Signature]*

**HEIRS' PROPERTY LAND MANAGEMENT SERIES
DEVELOPING HEIRS' PROPERTY**

Presented by: Thomas C. Barnwell, Jr. Developer on Hilton Head Island, SC

❖ **How does planning, zoning and infrastructure impact heir's ability to develop property?**

Planning and zoning in many areas reflect the desires of the planners and the result of the town or counties comprehensive plan, which is subject to change every five (5) years. During the planning meetings, the community can request that the original plan reflect their desired land use and other wishes. In many instances, water / sewer and road paving might not be available in the community planned for development.

A. Planning: How can a family identify how local planning departments have envisioned for future use of their property? What regulatory issue should heir's property owners be aware of if they plan to develop their land?

1) Each municipality or county has a planning department. Community residents must go to that office and request a copy of the plan for review, it would also be a good idea to invite the planners to the community meeting to provide update to the community on the plan.

B. Heir's property owners planning to develop their land should be aware of the following regulatory issues.

- 1) The wetland and land mitigation environmental requirements (if there are wetlands.)
- 2) The highway department's setbacks and zoning setbacks for right-of-ways and curb-cut requirements per 500 feet or less.
- 3) Find out if the actual land use allows commercial use or residential use, the number of signage requirements for the area and height requirements for residential and commercial building land use (% of capital gain taxes.)

C. Zoning: How can families impact zoning request on land in their community?

The families should all become registered voters and attend the planning commission meetings on a regular basis and request specific land use in writing.

D. Infrastructure: How does the availability of water & sewer impact a family's ability to market or develop their property?

The availability of water and sewer can deeply impact the ability of a family developing their property in the following ways:

- 1) The number of acres of desired development per family.
- 2) The distance of the sewer from the property line and whether or not it's gravity or force main.

3) Whether you are innovative to form alliances to get the sewer where you need it on a timely basis (maybe a community development block grant.)

4) Special service districts can be formed for water and sewer under South Carolina Code of Law.

◆ Development:

A. **How should a family evaluate options for developing their land?**

1) The number of acres and land use versus what it will take to make the necessary changes. Inquire about the long range needs for the community. Consult with a respectable land planning group and contact your town and county planning department and the council of local government.

B. **What are the necessary steps required to plan for development (e.g., concepts, site plans, models, investment and financing)?**

1) Arrange for a sight plan with complete survey of trees, topography and elevation (which is part of environmental assessment)

2) Secure an engineer, architect, and land planner.

3) Consult with the engineer to develop a working budget for each phase of development as well as an estimated time of completion.

4) Create a plan for marketing; develop a complete budget; be sure to allow ten percent (10%) for over run and have fifteen percent (15%) reserve in a safe (include the interest payment charge to the bank)

5) Consult an attorney and an accountant for further details.

◆ How can a family identify the true market value of their land?

A. Have an appraisal done on the property by an official appraiser with development on the land.

◆ What are the minimum and optimal acreages required for development of property?

A. This will vary based on many factors: the land location, the market demand for a specific area and the size of the tract in a given area.

◆ Can a family develop their property and retain ultimate ownership (e.g., leasing)?

A. Yes, families can develop and maintain ownership through long term leasing with an option to renew the lease. This is extremely technical but can be very rewarding. Consult with an attorney that specializes in ground lease. The family will need to create a Limited Liability Corporation or other structure for the operation.

B. Capital gain is important.

❖ What is the average timeframe for completion of development projects?

- A. The timeframe for development vary based on the size and type. [For example: 3.27 acres would take approximately 1 1/2 to 2 years to complete / 17 acres would take approximately seven (7) years to complete.]

❖ How can a family contribute back to the community through real estate development?

- A. Affordable Housing (Rental and Ownership)

❖ Development of affordable housing will provide home ownership to the community as well as employment for local contractors [For example: builders, plumbing services, landscaping services, electrical services, etc.]

- A. Market studies will be required for each of the above; however, for the Lawhorn Family this would not apply.

❖ Community Facilities (Business services and community needs)

- A. Community Facilities

- 1) Community facilities could include many potential services such as: daycare for children or adult care for seniors, part-time or full-time recreation programs, healthcare clinics and many other services for long term leases.
- 2) Business services could include business education courses and seminars held during the nights and/or on weekends (possibly via satellite)
- 3) Community needs can include: bike paths, biking, hiking and other recreation for specific age groups.

- B. Hunting, Timber, Fish Pond

- 1) Hunting for lease purposes with the development of a Hunting Lodge and managed games. Meals for groups provide horses or trail rides as part of cost.
- 2) Timber growing on part of the land with plans for harvesting.
- 3) Growing Christmas trees for the market.
- 4) Fish ponds for a special recreational sport [cabins can be rented] with meals.
- 5) Horseback riding and summer camps for children at a cost with counselors for the summer, also family camps which give the whole family an outdoor experience.

The above opportunities are possible and practical for the Lawhorn Family to accomplish. You must plan for acreage of family members to live on with individual or group owned homes. You need to share this concept with all family members as a family business concept.

Makes sure all family members have a will and verify those that do not so they may get a will. The family members must include in the will that the land goes to the LLC an attorney can help with this.

❖ What personnel resources are available to families who wish to develop their property?

A. The resources that are available vary depending on the size and type of development. There are many learning institutions throughout the state of South Carolina that offer programs focusing on the economic and community development such as:

- 1) South Carolina State University's Economic Development
- 2) Winthrop University's Economic Development
- 3) The University of South Carolina's Business Development
- 4) South Carolina Jobs and Economic Development Authority (JEDA), Columbia, SC

- 6) Charleston County Economic Development program
- 7) Clemson University Extension Service
- 8) SC Department of Parks and Recreation Services

LEASED LAND AS AN OPTION

OUTLINED ARE THE APPROPRIATE STEPS TO TAKE WHEN CONSIDERING LEASED LAND AS AN OPTION FOR YOUR FAMILY'S PROPERTY.

1. **THE TITLE MUST BE CLEARED**
 - A. NO MORTGAGE ON LAND

2. **CURRENT APPRAISAL OF THE LAND BY APPROVED PERSONNEL BASED ON USE**
 - A. THE ZONING APPROPRIATE TO PROPOSED USE

3. **MAKING YOUR NEIGHBORS AWARE OF YOUR PROPOSAL PLANS FOR THE LAND.**
 - A. SOLICIT THEIR SUPPORT ON CONCEPT AND USE.

4. **DECIDE ON THE LEGAL ORGANIZATION STRUCTURE OF THE ORGANIZATION.**
 - A. L.L.C., SOLE PROPRIETORSHIP, GENERAL PARTNERSHIP, ETC.
 - B. THIS IS CRITICAL TO THE PROCESS BECAUSE IT WILL POSSIBLY GUIDE YOUR MANAGEMENT VEHICLE OF THE LEASE INSTRUMENT.
 - C. WHEN MORE THAN ONE PARCEL OF LAND IS INVOLVED PARTNERS AGREE AT THIS POINT TO POOL THEIR LAND FOR THE BUSINESS VENTURE.

5. **THE COST OF THE PROFESSIONAL SERVICES MUST BE HANDLED.**
 - A. WHAT % FROM EACH PARTNER OR EQUIVALENT.

6. **SELECTING THE LEGAL FIRM, THE ACCOUNTING FIRM AND THE APPRAISAL FIRM EARLY IN THE PROCESS OF PROPOSED DEVELOPMENT.**

7. THE SELECTION OF THE TENANT

- A. THIS CAN TAKE UP TO ONE (1) YEAR OR LONGER DEPENDING ON EACH BUSINESS OPPORTUNITY AND THE PROPOSED TIMING OF THE PROPOSED LEASE.

8. DRAFT DOCUMENTS, OPTION AND GROUND LEASE AGREEMENT.

- A. OPERATING AGREEMENT OF THE ASSOCIATION OR COMPANY.

9. THE OFFICIAL LEGAL ENTITY OF OPERATION.

10. THE FINAL DOCUMENTS AGREED UPON BY BOTH SIDES OF THE PARTY AND THEIR ATTORNEYS WITH THE APPROPRIATE NUMBER OF YEARS, TERMS AND CONDITIONS.

11. LAND PREP, TURNED OVER TO LEASEE.

12. CAPITAL GAINS, MUST BE PLANNED.

- A. ROLL BACK TAXES.

THINGS TO CONSIDER AS A FAMILY!

- 1) Have an appreciation for what was sacrificed for what is in hand.
- 2) Respect the efforts that your fore parents put forth.
- 3) Take pride in what the family has in hand no matter the amount.
- 4) What can I contribute to the present.
- 5) What can I do with what I have that will be to my benefit and to those that will come after me.
- 6) Think in a business sense – the holdings of the family should be handled as a business.
- 7) Take pride in your efforts.
- 8) It may require that one or two in the family are willing to give the time and energy and possibly the resources to accomplish a beneficial outcome for the family.
- 9) Keep your young folks abreast of the achievements and set-backs of the business.
- 10) Undertake objectives that have the potential to be achieved.