



**County Council of
Beaufort County
Planning Commission
Meeting**

Chairman

ED PAPPAS

Vice Chair

CECILY MCMILLAN

Commission Members

PETE COOK

JON HENNEY

EUGENE MEYERS

GLENN MILLER

GAIL MURRAY

DANIEL RIEDEL

DENNIS ROSS

County Administrator

MICHAEL MOORE

Staff Support

ROBERT MERCHANT

Administration Building

Beaufort County Government

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Planning Commission Agenda

Monday, August 5, 2024 at 6:00 PM

Council Chambers

County Administration Building, 100 Ribaut Road, Beaufort, SC

ALL OF OUR MEETINGS ARE AVAILABLE FOR VIEWING ONLINE AT WWW.BEAUFORTCOUNTYSC.GOV AND CAN ALSO BE VIEWED ON HARGRAY CHANNELS 9 AND 113, COMCAST CHANNEL 2, AND SPECTRUM CHANNEL 1304.

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. FOIA – PUBLIC NOTIFICATION OF THIS MEETING HAS BEEN PUBLISHED, POSTED, AND DISTRIBUTED IN COMPLIANCE WITH THE SOUTH CAROLINA FREEDOM OF INFORMATION ACT
4. APPROVAL OF MEETING MINUTES – July 1, 2024
5. APPROVAL OF AGENDA
6. CITIZEN COMMENTS – NON-AGENDA ITEMS
(Comments are limited to 3 minutes.)

ACTION ITEMS

7. **TEXT AMENDMENT** TO ARTICLE 1 (GENERAL PROVISIONS), DIVISION 1.3 (APPLICABILITY AND JURISDICTION), SECTION 1.3.50 (EXEMPTIONS) OF THE COMMUNITY DEVELOPMENT CODE (CDC) TO PROVIDE EXEMPTIONS TO ADDRESS COUNTY PUBLIC SERVICES USES
8. **COMPREHENSIVE PLAN AMENDMENT** TO ADD THE BEAUFORT COUNTY HOUSING IMPACT ANALYSIS AS AN APPENDIX TO THE 2040 COMPREHENSIVE PLAN

DISCUSSION ITEMS

9. CHAIRMAN'S REPORT
11. ADJOURNMENT



COUNTY COUNCIL OF BEAUFORT COUNTY
Beaufort County Planning and Zoning Department
Beaufort County Government Robert Smalls Complex
Physical: Administration Building, Room 115 100 Ribaut Road
Mailing: Post Office Drawer 1228, Beaufort, SC 29901-1228
Phone: 843-255-2140

The regular meeting of the Beaufort County Planning Commission (hereinafter “Commission”) was held in Council Chambers on Monday, July 1, 2024 at 6:00 p.m.

MEMBERS PRESENT:

Mr. Ed Pappas, Chairman
Ms. Cecily McMillan, Vice Chair
Mr. Pete Cook
Mr. Jon Henney
Mr. Glenn Miller
Ms. Gail Murray
Mr. Dennis Ross

MEMBERS ABSENT:

Mr. Gene Meyers
Mr. Dan Riedel

STAFF PRESENT:

Mr. Mark Davis, Planning and Zoning Deputy Director
Ms. Kristen Forbus, Long Range Planner

CALL TO ORDER: Chairman Ed Pappas called the meeting to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE: Chairman Pappas led those assembled in the pledge of allegiance.

REVIEW OF MEETING MINUTES: The June 3rd, 2024 Planning Commission minutes were approved with no objections.

CITIZEN COMMENTS: Mr. Pappas asked if there were any non-agenda related citizen comments; there were none.

ACTION ITEMS:

CONSIDERATION OF AN ORDINANCE AMENDING THE ZONING MAP FOR 49.16 ACRES (R600 029 000 0005 0000, R600 029 000 0143 0000, R600 029 000 1194 0000, R600 029 000 0002 0000, R600 029 000 008A 0000, R600 029 000 008C 0000, R600 029 000 0006 0000, R600 029 000 0026 0000) LOCATED ON OKATIE HIGHWAY FROM T2 RURAL (T2R) TO NEIGHBORHOOD MIXED USE (C3)

Chairman Pappas reorganized the action items to discuss this action item first.

The applicant, Mr. Barry Johnson, requested a deferral until the September meeting for more time to work with staff on the issues with the application.

Mr. Ross made a motion to grant a deferral of CONSIDERATION OF AN ORDINANCE AMENDING THE ZONING MAP FOR 49.16 ACRES (R600 029 000 0005 0000, R600 029 000 0143 0000, R600 029 000 1194 0000, R600 029 000 0002 0000, R600 029 000 008A 0000, R600 029 000 008C 0000, R600 029 000 0006 0000, R600 029 000 0026 0000) LOCATED ON OKATIE HIGHWAY FROM T2

RURAL (T2R) TO NEIGHBORHOOD MIXED USE (C3). Mr. Miller seconded the motion. The motion passed 6-1.

CONSIDERATION OF AN ORDINANCE AMENDING THE COMMUNITY DEVELOPMENT CODE (CDC): SECTION 3.1.60 (CONSOLIDATED USE TABLE) AND SECTION 3.3.50 (REGIONAL CENTER MIXED USE (C5) ZONE STANDARDS) TO ALLOW DWELLING: SINGLE FAMILY DETACHED UNIT IN REGIONAL CENTER MIXED USE

Ms. Forbus presented the request to the Commission members. Mr. Davis and Ms. Forbus answered questions regarding non-conformities, potential development, and equity/affordable housing.

The applicant stated her property is located in zoning district C5 and that it was created to accommodate housing before the Community Development Code was adopted.

There were no public comments.

After much discussion Mr. Miller motioned that the request be deferred for a month and ask for staff to come back with information of performing an area study and the percentage of C5 parcels in the county. He then withdrew the motion after some discussion. Ms. Murray motioned to recommend approval of CONSIDERATION OF AN ORDINANCE AMENDING THE COMMUNITY DEVELOPMENT CODE (CDC): SECTION 3.1.60 (CONSOLIDATED USE TABLE) AND SECTION 3.3.50 (REGIONAL CENTER MIXED USE (C5) ZONE STANDARDS) TO ALLOW DWELLING: SINGLE FAMILY DETACHED UNIT IN REGIONAL CENTER MIXED USE with the further recommendation that the same changes be applied to zoning district C4 as well. Ms. McMillan seconded the motion. The motion passed 4-3.

ADJOURNMENT: Chairman Pappas adjourned the meeting at 6:52 p.m.

SUBMITTED BY: Kristen Forbus
Long Range Planner

Ed Pappas
Beaufort County Planning Commission Chairman

Date: _____



MEMORANDUM

TO: Beaufort County Planning Commission

FROM: Robert Merchant, AICP, Beaufort County Planning and Zoning Department

DATE: July 15, 2024

SUBJECT: TEXT AMENDMENT TO ARTICLE 1 (GENERAL PROVISIONS), DIVISION 1.3 (APPLICABILITY AND JURISDICTION), SECTION 1.3.50 (EXEMPTIONS) OF THE COMMUNITY DEVELOPMENT CODE (CDC) TO PROVIDE EXEMPTIONS TO ADDRESS COUNTY PUBLIC SERVICES USES

STAFF REPORT:

A. BACKGROUND:

Case No. CDPA-000040-2024

Proposed Amendment: Text Amendment to Section 1.3.50

B. SUMMARY AND BACKGROUND:

Beaufort County Staff is requesting an amendment to Section 1.3.50 of the Community Development Code (CDC) to provide more oversight and public input into an exemption for Public Service Uses. The purpose of the exemption for public service uses is to allow the County to provide necessary services in any zoning district with the requirement that the proposed use receive a public hearing before a decision by County Council. This provision was adopted by Council in 2020. This amendment would provide greater oversight and an additional public hearing by requiring public service exemptions to receive a public hearing at the Planning Commission meeting in addition to the one at County Council prior to Council action. The purpose of this amendment is to provide greater flexibility for the County government to respond to public safety and service needs throughout the County where these needs warranted, while providing additional oversight and public input into the process.

C. CODE TEXT AMENDMENT REVIEW STANDARDS: In determining whether to adopt or deny the proposed text amendment, the County Council shall weigh the relevance of and consider whether, and the extent to which, the proposed amendment:

- 1. Is consistent with the goals, objectives, and policies of the Comprehensive Plan;**

Yes, the Comprehensive Plan's Capital Improvement Plan outlines county facility needs that could be assisted through this amendment.

2. Is not in conflict with any provision of this Development Code or the Code of Ordinances.

No, this sets a provision that would allow county service needs to locate on properties that may not otherwise be allowed. Its purpose is to make sure that there are not conflicts with any provisions when constructing needed public facilities.

3. Is required by changed conditions;

Yes, as the County grows, available land for public facilities becomes more difficult to acquire.

4. Addresses a demonstrated community need;

Yes, see 1.

5. Is consistent with the purpose and intent of the zones in this Development Code, or would improve compatibility among uses and ensure efficient development within the County;

No, it would not improve compatibility with uses allowed in particular zoning districts. However, the procedure added into this amendment still gives County Council ability to approve or deny any project utilizing this amendment taking into account contiguous uses.

6. Would result in a logical and orderly development pattern; and

See 5.

7. Would not result in adverse impacts on the natural environment, including but not limited to water, air, noise, stormwater management, wildlife, vegetation, wetlands, and the natural functioning of the environment.

Yes, it would not result in adverse impacts. Any development on the site would be required to adhere to the natural resource protection, tree protection, wetland protection, and stormwater standards in the Community Development Code and the Stormwater BMP Manual.

D. RECOMMENDATION: Staff recommends approval.

E. ATTACHMENTS:

- Text Amendment Changes

1.3.50 - Exemptions

- A. The provisions of this Development Code shall not require formal subdivision of land as a result of actions taken by the State of South Carolina and its political subdivisions to acquire land or interests in land for public right-of-way and easements.
- B. County Council, public utilities, or County agencies may be exempt from the provisions of this Development Code when an emergency exists such that it is impossible to submit to the normal procedures and standards of this Development Code and quick and instant action is necessary to secure the public health, safety, or welfare. The County Council shall ratify such exemption after the fact at its next regularly scheduled meeting, and shall base its ratification on specified findings of fact related to the emergency involved.
- C. A public utility or public infrastructure installation (water, sewer, roads, gas, stormwater, telephone, cable, etc.) is exempt from the standards of this Development Code, except:
 - 1. Thoroughfare standards, in Division 2.9 (Thoroughfare Standards);
 - 2. Wetland standards, in Section 5.11.30 (Tidal Wetlands), and Section 5.11.40 (Non-Tidal Wetlands);
 - 3. River Buffer standards, in Section 5.11.60 (River Buffer);
 - 4. Tree Protection standards, in Section 5.11.90 (Tree Protection);
 - 5. Stormwater management standards, in Section 5.12.30 (Stormwater Standards);
 - 6. Utility standards, in Section 4.1.210 (Regional (Major) Utility);
 - 7. Wireless communication facilities standards, in Section 4.1.320 (Wireless Communications Facility).
 - 8. Historic Preservation standards, in Division 5.10 (Historic Preservation).
- D. The Department of Defense shall be exempt from the standards of this Development Code.
- E. The paving of dirt roads are deemed not to constitute "development" and shall be exempt from the standards of this Development Code if the action meets one of the following conditions:
 - 1. Existing County maintained dirt roads which are improved and/or paved as part of Beaufort County's Dirt Road Paving Program as set forth in Beaufort County Policy Statement 15 and Policy Statement 17;
 - 2. Private dirt roads with adequate existing stormwater conveyance systems where the project is not related to a pending or proposed development of adjacent land, and the proposed paving meets the Thoroughfare Construction Specifications in Section 2.9.80. Private dirt roads without adequate existing stormwater conveyance systems will be required to construct a conveyance system per the County's Stormwater Best Management Practices (BMP) Manual but will not be required to meet the Effective Impervious Values in Table 5.12.30.A or provide Retention/Detention Facilities.
- F. County public service uses. Due to the unique nature of certain county public service uses and the need to locate these uses in certain areas of the county irrespective of prevailing zoning district regulations, Beaufort County may establish in any zoning district any public service use authorized to county government by S.C. Code §4-9-30, as amended, or any other statute or law of the State of South Carolina; provided that all public service uses meet the following requirements:**
 - 1. The use shall meet the applicable requirements in Article 5 (Supplemental to Zones) of the Community Development Code.**
 - 2. Public hearing for county public service uses.** Prior to the granting of a zoning compliance for county public service uses, a site plan in accordance with standards contained herein must be submitted and approved. **The Beaufort County Planning Commission will hold a public hearing on**

the matter at least 15 days' notice of the time and place of which will be published in a newspaper of general circulation in Beaufort County. Notice will be given by adequately posting the properties affected, with at least one notice being visible from each public thoroughfare that abuts the property, at least 15 days prior to the public hearing. The Beaufort County Planning Commission will, after conducting the public hearing, provide a recommendation to the County Council with findings of fact regarding compliance with the Beaufort County Comprehensive Plan. Upon the Planning Commission's recommendation being received ~~and~~. The Beaufort County Council will hold a public hearing on the matter at least 15 days' notice of the time and place of which will be published in a newspaper of general circulation in Beaufort County. Notice will be given by adequately posting the properties affected, with at least one notice being visible from each public thoroughfare that abuts the property, at least 15 days prior to the public hearing. Based on the review of the planning commission's recommendation, information presented at the public hearing's and probable impact of such uses on contiguous uses and conditions, the Council may elect to deny the request in favor of a more acceptable site elsewhere, approve the use or approve the use with conditions and/or restrictions.

([Ord. No. 2017/20, 6-26-17](#) ; [Ord. No. 2018/7, 3-12-18](#))



MEMORANDUM

TO: Beaufort County Planning Commission

FROM: Robert Merchant, AICP, Beaufort County Planning and Zoning Department

DATE: July 15, 2024

SUBJECT: COMPREHENSIVE PLAN AMENDMENT TO ADD THE BEAUFORT COUNTY HOUSING IMPACT ANALYSIS AS AN APPENDIX TO THE 2040 COMPREHENSIVE PLAN

STAFF REPORT:

A. BACKGROUND:

Case No.

CDPA-000041-2024

Proposed Amendment:

Addition of the Beaufort County Housing Impact Analysis to the 2040 Comprehensive Plan

B. SUMMARY AND BACKGROUND:

In 2023, Act 57 of the South Carolina General Assembly amended SC Code §6-4-12 to allow Accommodations Tax Revenue (ATAX) to be eligible to support workforce housing. The new law allows up to 15% of both state and local ATAX to be used to support workforce housing for those earning between 30%-120% Area Median Income (AMI). However, to enable state ATAX funds to be eligible for workforce housing, the County must complete and adopt a Housing Impact Analysis to the Comprehensive Plan. This analysis must include a review of costs, prices, availability of financing, general housing costs, development standards, and the impact of the ordinance on households.

C. CODE TEXT AMENDMENT REVIEW STANDARDS: In determining whether to adopt or deny the proposed amendment, the County Council shall weigh the relevance of and consider the following:

1. Whether capital investments, population trends, land committed to development, density, use, or other conditions have changed that justify the amendment;

Yes, affordable housing is a documented growing need for the County as the population of residents and range amongst income has increased.

2. Whether the proposed amendment is consistent with the Comprehensive Plan's goals and policies;

Yes, this addition will enable the County to tap into funding and assist with the implementation of the goals set forth in the Housing section of the Comprehensive Plan.

3. Whether the proposed amendment is necessary to respond to state and/or federal legislation;

Yes, this analysis was completed in response to an amendment to SC Code §6-4-12. This amendment, also known as Act 57, allows 15% of both local and state ATAX to be used to support workforce housing.

4. Whether the proposed amendment would result in development that is compatible with surrounding land uses;

Yes, all the projects would follow the standards set forth in the Community Development Code.

5. Whether and the extent to which the proposed amendment would affect the capacities of public facilities and services, including roads, utilities, law enforcement, fire, EMS, schools, parks and recreation, solid waste, and drainage facilities; and

Yes, it will affect public facilities and services in areas as any development does. However, it will help job retention for those within these workforces.

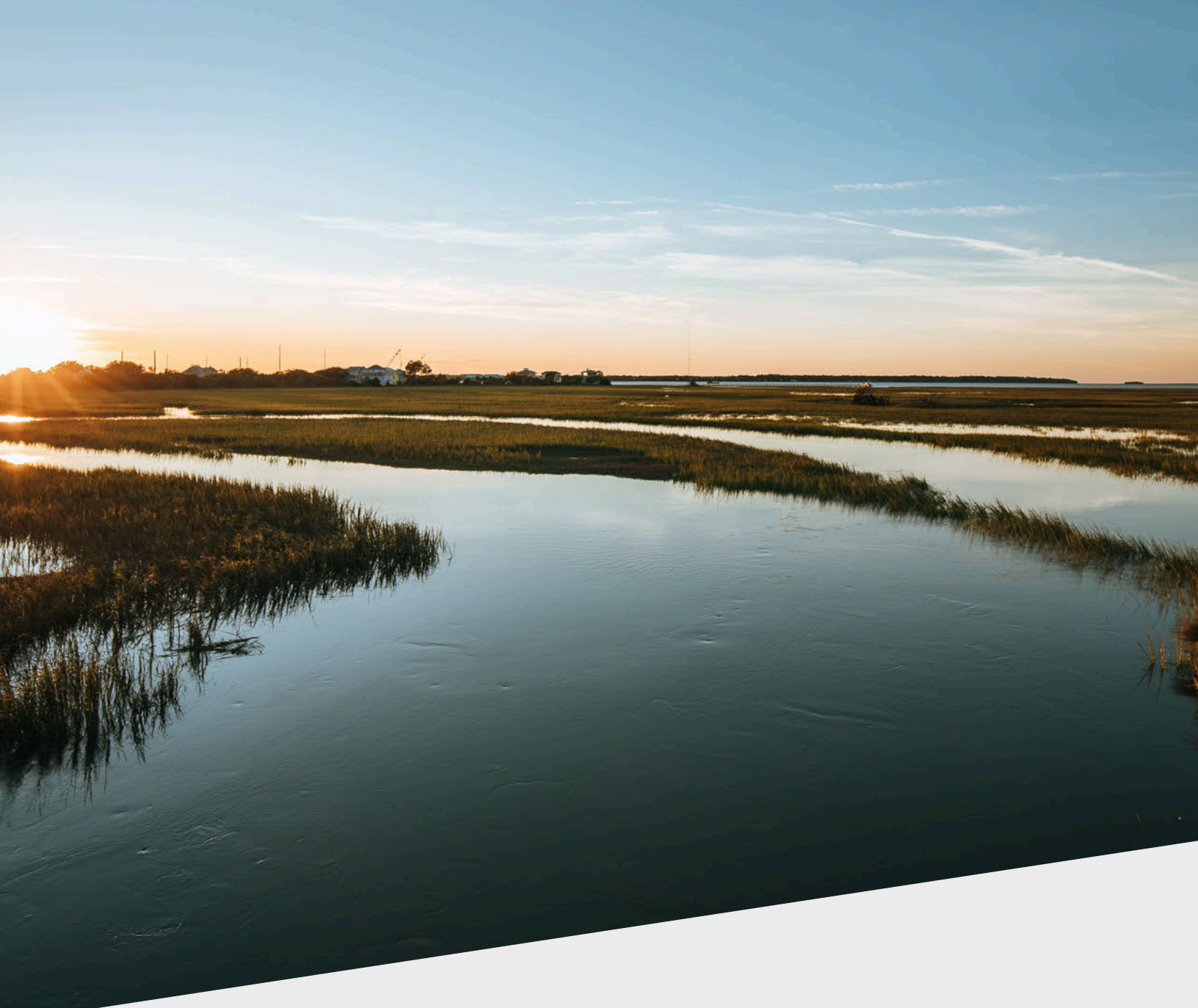
6. Whether, and the extent to which, the proposed amendment would result in negative impacts to natural resources.

No, any development on the site would be required to adhere to the natural resource protection, tree protection, wetland protection, and stormwater standards in the Community Development Code and the Stormwater BMP Manual.

D. RECOMMENDATION: Staff recommends approval.

E. ATTACHMENTS:

- Beaufort County Housing Impact Analysis



HOUSING

IMPACT ANALYSIS

JUNE 2024 // PREPARED BY TOGETHER CONSULTING



Beaufort County
SOUTH CAROLINA

Beaufort County Housing Impact Analysis

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Acknowledgements

The following information outlined within this Housing Impact Analysis was made possible thanks to several resources and analysis in past planning and research efforts, various local, state and community data resources, and feedback from local housing partners, developers and realtors.

Community Partners:

- Hilton Head Area Realtors Association
- Beaufort Jasper Realtors Association
- Lowcountry Council of Governments
- Hilton Head Area Home Builder Association
- Beaufort Chamber of Commerce
- Local Builders and Developers

County Staff:

- John Robinson, Interim County Administrator
- Thomas Keaveny, II, Beaufort County Attorney
- Chuck Atkinson, Assistance County Administrator for Development Services
- Robert Merchant, Planning & Zoning Department Director
- Christine Webb, Director of Compliance, Standards & Internal Controls
- Elizabeth Anderson, Planner

County Council:

- Joe Passiment, Chairman
- Larry McElynn, Vice-Chairman
- Gerald Dawson, District 1
- David Bartholomew, District 2
- York Glover, District 3
- Alice Howard, District 4
- Anna Maria Tabernik, District 6
- Logan Cunningham, District 7
- Paula Brown, District 8
- Mark Lawson, District 9
- Thomas Reitz, District 11

Consultants:

Tammie Hoy Hawkins

Together Consulting

Design Support: Virginia Howat



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Executive Summary

In November 2021, Beaufort County Council adopted the County's 2040 Comprehensive Plan. As part of this Plan, the County highlighted affordable housing as a critical need within their overall Housing Element. Prior to the adoption of this plan, the County commissioned a 2017 Housing Needs Assessment conducted by the Bowen Research group. The study was a deep dive into the County's housing market including current conditions, trends, and growth patterns along with an evaluation of projected housing needs over the next 5-year period. The Assessment was finalized in 2018. Much of the data referenced in this Housing Impact Analysis is derived from this Study along with insights from the County's 2040 Comprehensive Plan and complimented by more recent local and national data sources. Although the Bowen Study is over five years old, much of the analysis and trends are still relevant today and many of the predictions established in the 2018 plan have been realized and in some cases, have accelerated even more than anticipated, especially as it relates to housing affordability.

Within both documents, several strategies were recommended to the County for implementation to address the growing demand for more affordable housing to meet the needs of its residents and workforce. The County has already implemented several of these recommendations including but not limited to helping to establish a regional housing trust fund to support more financing and funding for affordable workforce housing, as well as offering various incentives to developers building affordable housing such as density bonuses where feasible and impact fee waivers for certain qualifying projects. Although these are valuable programs to support affordable housing production and preservation, the County has limited funding and financial resources to support the amount of affordable housing needed across the County footprint. The County receives limited federal or state funding for housing, therefore they must define local revenue sources to fill financing gaps. With the recent passage of Act 57 of the 2023 South Carolina General Assembly, amending SC Code 6-4-12, to allow Accommodations Tax Revenue (ATAX) to be eligible to support workforce housing, the County now has a new opportunity to increase local funding to support affordable housing projects.

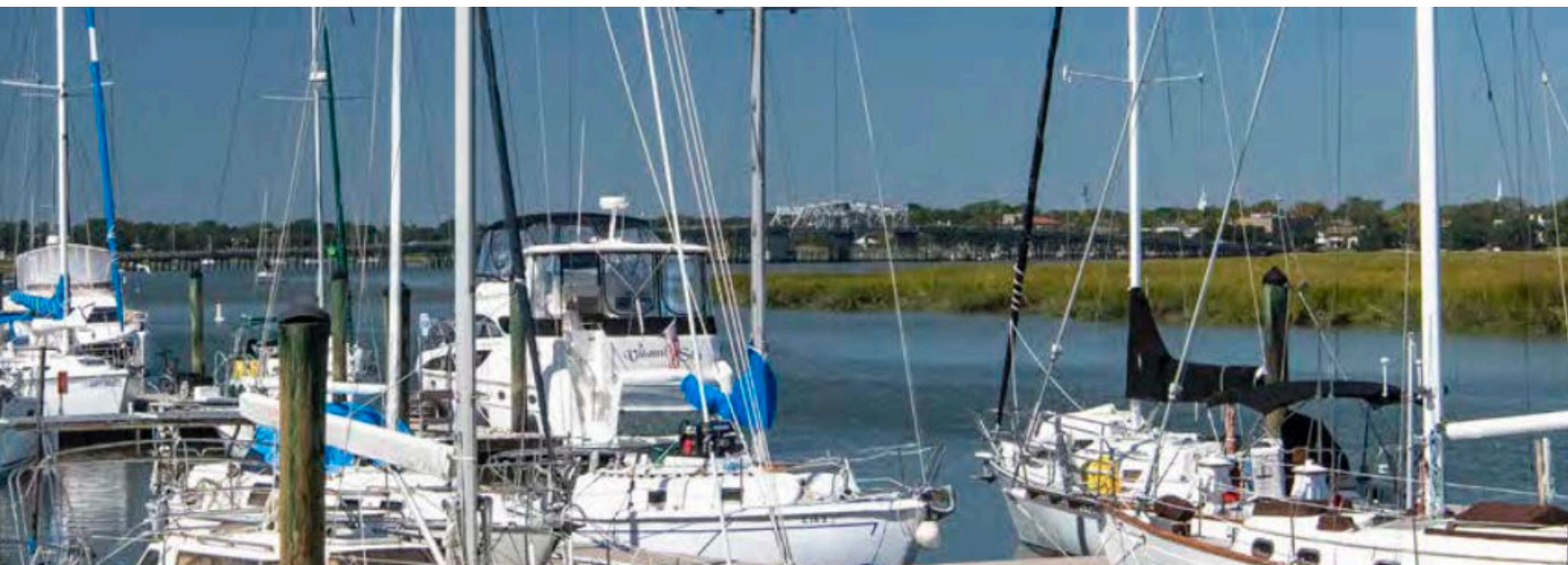
This new law allows up to 15% of both local and state ATAX to be used to support workforce housing for those individuals earning between 30% and 120% Area Median Income (AMI). To enable the state ATAX funds to be eligible for workforce housing, the County must complete, as required by amended Section 6-4-12 of South Carolina law, a Housing Impact Analysis (HIA).

This analysis must include an overview of the following key data points and considerations:

- The cost of developing, constructing, rehabilitating, improving, maintaining, or owning single family or multifamily dwellings,
- A review of the purchase prices of new homes or the fair market value of existing homes,
- The cost and availability of financing to purchase or develop housing,
- General housing costs; including a brief summary indicating reasonable cost estimates,
- A review of density, location, setback, size, or height development on a lot, parcel, land division, or subdivision that might impact housing; and
- An analysis of the relative impact of the ordinance on low- and moderate-income households.

This Housing Impact Analysis (HIA) must also be approved by the County Planning Commission, adopted as an amendment to County's Comprehensive Plan and approved by Council. The County is also required to provide the HIA to the members of the legislative body of the local government, the Department of Revenue, and the Tourism Expenditure Revenue Committee before an ordinance is considered by the legislative body. The Department of Revenue may not disburse any accommodations taxes to the local government for purposes of development of workforce housing unless and until the local government has provided the HIA to the parties mentioned above.

The following Beaufort County HIA takes into account insights from previous housing studies along with housing trend research over the past few years, while also highlighting current economic and housing conditions, emphasizing the growing demand for workforce housing across the County.



Introduction

The Beaufort County area is made up of a variety of diverse communities from resort areas to beach towns to urban cores to rural communities. These diverse community landscapes will require a variety of strategies when addressing housing needs. Many developments in the county are within city and town submarkets, but the County recognizes that affordable housing is a need that impacts everyone regardless of jurisdictional boundaries. The success of the overall community depends on the County working closely with each jurisdiction to address the housing needs of the diverse workforce.

The Beaufort County housing market has continued to grow over the past decade with an accelerated growth in residential construction totaling 19,857 units developed since 2010. Based on a recent housing market study conducted by Ronald Brown, Research & Analysis, 17,112 of those were single family homes and 2,745 were multifamily housing units, with the largest gain in multifamily in 2021. Prior to the last five years, there were few multifamily projects completed within the County. Although there have been recent housing development within the county, including two Low Income Housing Tax Credit (LIHTC) projects currently underway, there are still too few affordable housing rental options within the County to meet the growing demand.

The 2018 Bowen Housing Needs Assessment provided the County with a better understanding of market conditions at the time and outlined the projected changes expected over the coming years that could influence future housing needs. This Housing Needs Assessment is the most current housing study completed for the county, outside the County's Comprehensive Plan, completed in 2021. The Assessment focused on select sub-markets within Beaufort County, an evaluation of past, current and projected demographic characteristics, employment trends, economic drivers, and all major housing components within the market (for-sale/ownership and rental housing) including housing costs verses area incomes. Several key recommendations from the assessment included regional strategies that would not only support Beaufort County unincorporated residents but all submarket jurisdictional partners' workforce housing needs.

One specific recommendation led to a deep dive study by the Asakura Robinson consulting group on creating a regional housing trust fund which led to the formal creation of the Beaufort Jasper Housing Trust. The new Fund became an official nonprofit in 2023 and hired its first Executive Director in April 2024.



The Assessment also evaluated factors that were affecting housing market conditions, development barriers, and affordability. All of these factors are also key components as part the Act 57's required Housing Impact Analysis. It is important to stress that the following document is a moment in time snapshot of the economic and housing market conditions in Beaufort County over the last few years along with an analysis of current market trends. The housing market within the County and the submarket communities are not static and continue to shift daily.

The goal of the Housing Impact Analysis is to provide an overview for the growing demand for workforce housing and make a clear connection between the economic need for housing and the community's workforce. In addition, the Analysis dives into what the County is already doing to support workforce housing including funding committed and also local policy efforts to remove barriers to workforce housing.

:



Background

Affordable housing is a growing concern for Beaufort County. The 2018 Bowen study indicated a need for over 6,000 total new housing units for rental and ownership over a five year period to meet the existing and projected demand, with the greatest need for the lowest income households, along with a significant need for moderate-income households. The study recommended that future rental housing development should consider a variety of rent and income-eligibility levels, and there is an equal need for more home-ownership housing priced under \$200,000, primarily due to projected household growth and limited supply.

These are pre-pandemic estimates. The demand has accelerated over the past five years due to in-migration of new residents and expanded growth in the region. Based on the Department of Housing and Urban Development's annual median incomes, the 2023 median income for a family of four in Beaufort County, was \$111,300 - up by almost 30% from previous years. Considerable growth in income is due to the influx of new residents that either retired to the area or remote workers bringing higher salaries to the region post-pandemic, which also explains the growth in senior population. A 2024 Beaufort Chamber Economic Report indicated that Beaufort ranked 10th out of all counties in population growth for South Carolina. The same Economic Report also indicated that Beaufort County households' rank higher than the state average for mortgage holders and renters that are cost-burdened.

In addition to the completion of the 2018 Bowen Housing Needs Assessment and the Asakura Robinson's Housing Trust Fund Analysis, Beaufort County completed their 2040 Comprehensive Plan in November 2021. The Comprehensive Plan acknowledges that the County is closely linked to its municipalities and adjacent counties, sharing roads, waterways, habitats, and open spaces which do not follow jurisdictional boundaries. Therefore the County share many community connections with the other areas between where people live, work, worship, and play throughout the region. This requires that high levels of cooperation and collaboration be maintained within the region so that local identities can be expressed within a framework of shared goals regarding infrastructure, environmental protection, growth, economic development, and affordable housing.

Within the Comprehensive Plan, the County highlights core strategies to include the investment in new public infrastructure, creating incentives for affordable housing, and focusing on balanced development that mitigates environmental harm, so future generations will be able to enjoy the quality of life and economic prosperity offered by Beaufort County's unique landscape and culture. As part of the Housing Element within the Comprehensive Plan, the County's goal is to promote quality, affordable housing available and accessible to all residents.

The lack of quality affordable housing was identified as a growing challenge for the County and the submarkets within the county. These challenges are not just the lack of affordable housing options for families but an increasing issue for the growing senior population, many of which are still working, but also live on fixed incomes with little options for housing that is affordable. Based on the Comprehensive Plan, the greatest projected growth by household age group is expected to occur among seniors, which creates the need for more senior-based housing, health care and programs, assisted living facilities and continuing care facilities. Many of these facilities require an extensive, diverse workforce to support residents, many of which earn lower incomes. In many cases workers find it difficult to find affordable housing near these senior communities and have to drive- -often long distances- -to get to their workplace, which congests roadways, utilizes land for parking, and lengthens the workday.

Although Act 57 allows the County to utilize ATAX funding to support workforce housing that supports households up to 120% of the area median income, the County through its Comprehensive Plan and Development Code has defined affordable housing and prioritized the following populations below:

- Owner occupied affordable housing unit: A dwelling unit where at least one occupant is an owner, and where all occupants have, in the aggregate, household income less than or equal to one hundred (100%) percent of the area median income (AMI) for owner occupied units. Area median income (AMI) shall be determined annually by the United States Department of Housing and Urban Development (HUD) as adjusted by the Beaufort County Human Services Department or its successor. At the time of this report, Beaufort County AMI for a family of four was \$111,300.
- Rental affordable housing unit: A dwelling unit, where occupants have, in the aggregate, household income less than or equal to eighty (80%) percent of the area median income (AMI) for rental units. AMI shall be determined annually by HUD as adjusted by the Beaufort County Human Services Department or its successor.
- Qualified household: Households where occupants have, in the aggregate, a household income less than or equal to one hundred (100%) percent of the AMI for owner occupied units, and a household income less than or equal to eighty (80%) percent of the AMI for rental units.
- Initial maximum allowable sales price: An amount equal to three (3) times one hundred (100%) percent of the AMI plus any subsidy available to the buyer.
- Affordable rent: Affordable rent is based on an amount not to exceed thirty (30%) percent of eighty (80%) percent of the AMI as published annually by HUD based on household size, inclusive of a utility allowance. Utility allowances are as provided by HUD guidelines.



With a focus on serving these populations, the County's Comprehensive Plan also indicated the County will need to play an active role in affordable housing solutions in order to build a sustainable future for tourism and other major industries, protect its military bases, and continue to be a desirable place to live for people of all income levels.

A comprehensive affordable housing approach will:

- Foster the creation of affordable housing near jobs, services, and public transit.
- Reduce regulatory barriers to the creation of affordable housing.
- Establish an ongoing funding source to address housing needs.
- Partner with non-profit agencies and the private sector.
- Work regionally to address affordable housing needs.

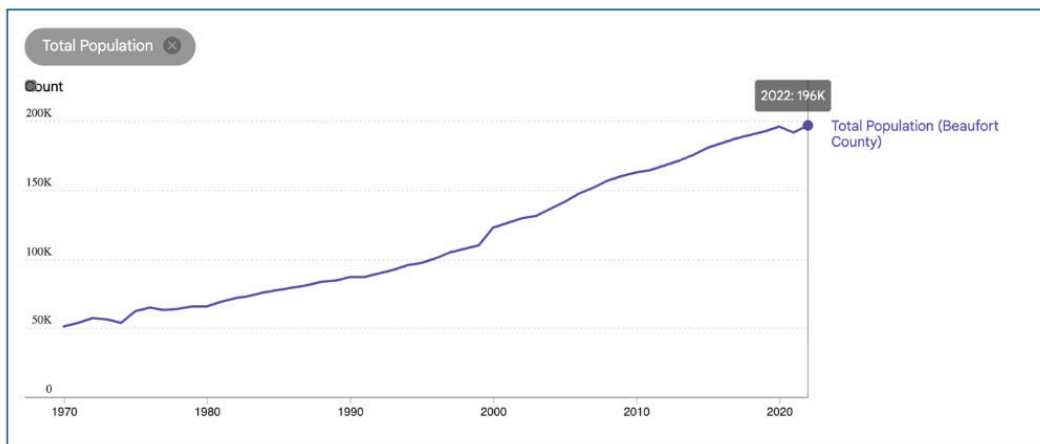


Population Analysis

Beaufort County population growth over the past decade has had a significant impact on the overall availability of housing - accelerating the need for more housing at all income levels particularly for low- and moderate-income households more burdened by escalating prices. The Bowen report indicated from 2000 to 2010, Beaufort County population increased by 41,298, or by 34.2%, and added an additional 25,216 (15.5%) people between 2010 and 2017. At the time of the study completion in 2018, the total population was estimated at 187,445 with a projected increase to 225,359 by 2027. (See Bowen Chart below)

	Total Population – Long Term (10-Year) Projections			
	2017 (Estimated)	2027 (Projected)	Change 2017-2027	
			Number	Percent
Beaufort County	187,445	225,359	37,914	20.2%
Beaufort	12,010	14,162	2,152	17.9%
Bluffton	18,889	24,749	5,860	31.0%
Hilton Head	37,797	44,837	7,040	18.6%
Port Royal	11,958	13,800	1,842	15.4%
Northern Unincorporated	26,842	31,928	5,056	18.8%
Southern Unincorporated	44,325	53,265	8,940	20.2%
Unincorporated Islands	19,570	23,362	3,792	19.4%

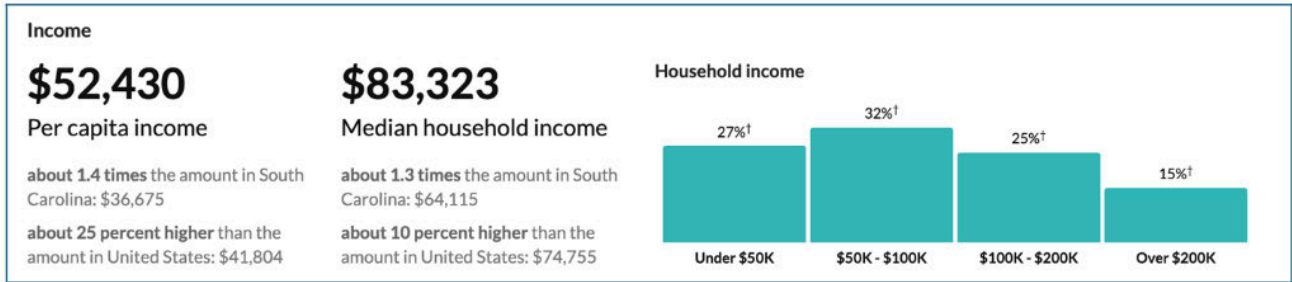
2022 data from US Census, via datacommons.org indicated the County population at 196,000, approximately 4.5% increase over the 5-year period. According to worldpopulationreview.com, the estimated population of Beaufort County, South Carolina in 2024 is 201,811, which is a 1.42% increase from the previous year. The county's population has grown 23.93% since 2010, when it was 162,843. The County continues to grow on the pace as predicted by the Bowen report.



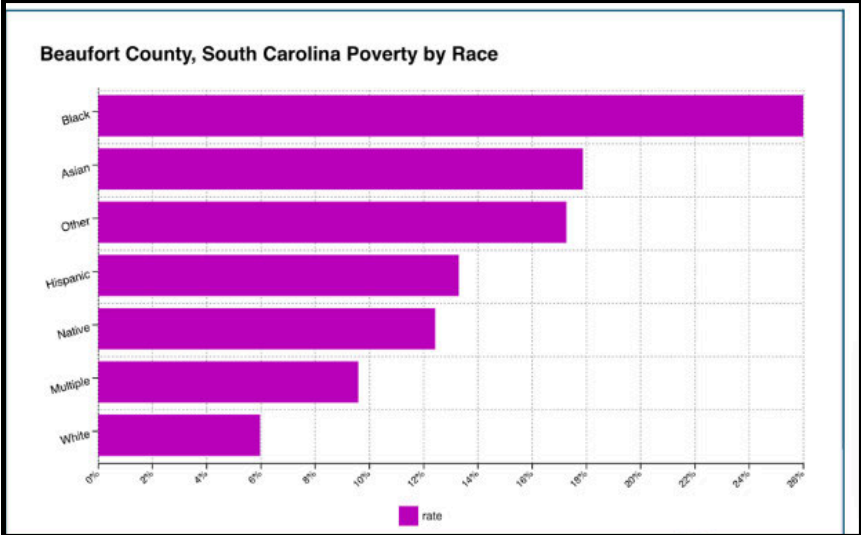
Year	Population	Growth
2024	201,811	2,832
2023	198,979	2,832
2022	196,147	4,150
2021	191,997	4,182

Source: world population review

Like Beaufort County, adjacent coastal communities are growing just as rapidly, which has an impact on housing stock and availability for housing options near employment centers in Beaufort. In March 2024, The State paper indicated, most of South Carolina's 46 counties gained population in 2023, but 10 of them grew faster than the rest. Of those, Jasper County had the biggest population gains at 4.87% year-over-year. It was followed closely by Berkeley County at 4.19%. Horry County came in third with a 3.74% increase in 2023. Much of the population growth to South Carolina are households moving from higher cost markets like the northeast and midwestern cities, which has also impacted the area's median income growth.



With the in-migration of higher income households, existing residents are feeling the increased pressure on the housing market and finding it more difficult to afford housing within the County. In 2023, HUD indicated that 100% of the Area Median Income (AMI) for a family of four was \$111,300. Yet a significant portion of the major industry workforce earn less than 80% of the AMI.

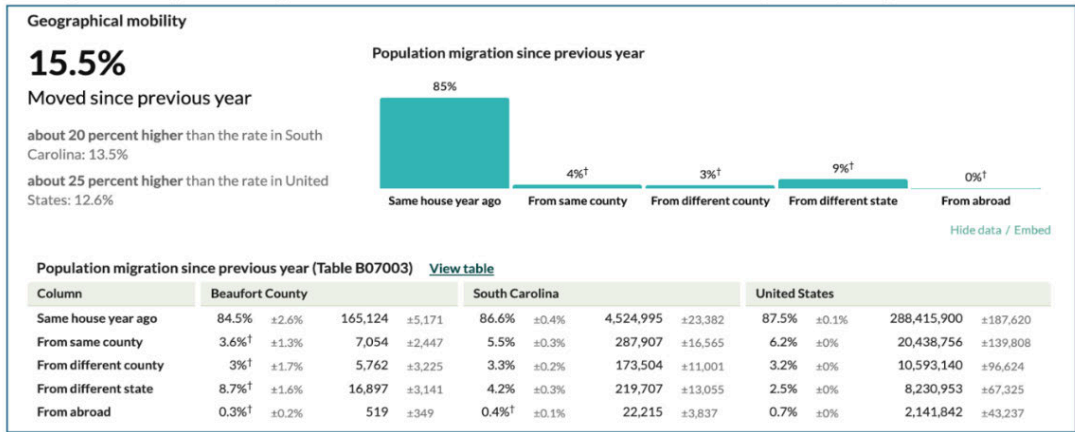


Many working families live below the poverty line in Beaufort County, and the poverty rate among those that worked full-time for the past 12 months was 2.84%. Among those working part-time, it was 8.86%. 26% of Black households in Beaufort County live below the poverty line, while the white population living below poverty was 5.97%. Although poverty continues to be an issue, Beaufort County has seen a growth in higher income households due to in-migration post Covid-19.

ACS 2022 1-year
Table universe: Households

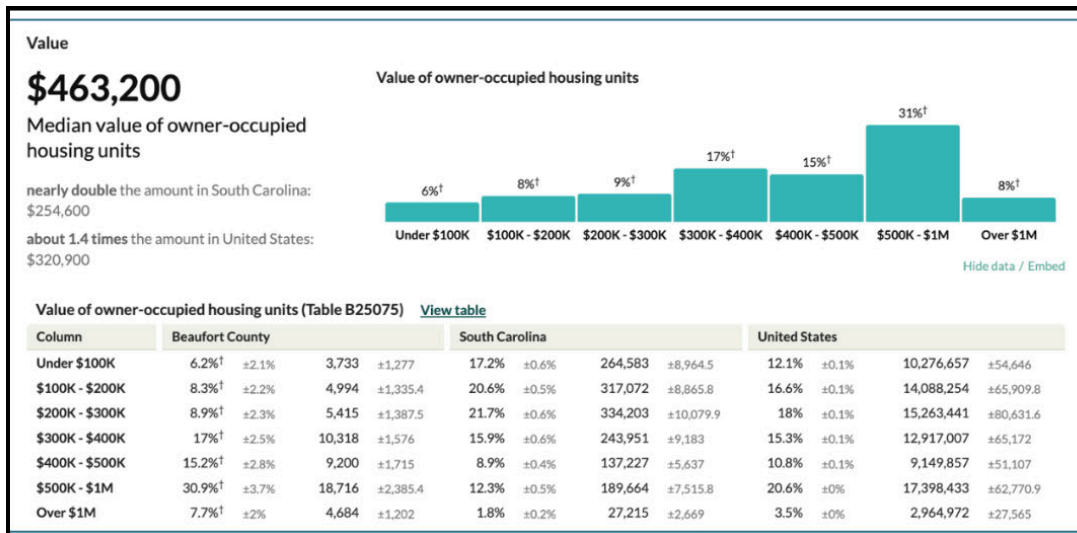
Column	Beaufort County, SC	South Carolina	United States
Less than \$10,000	3.9% ±1.2%	6.1% ±0.3%	5.5% ±0%
\$10,000 to \$14,999	3% ±1.5%	4.2% ±0.3%	3.7% ±0%
\$15,000 to \$19,999	2.2% ±1%	3.7% ±0.2%	3.2% ±0%
\$20,000 to \$24,999	2.3% ±1%	4.1% ±0.3%	3.6% ±0%
\$25,000 to \$29,999	2.4% ±1.1%	3.9% ±0.3%	3.5% ±0%
\$30,000 to \$34,999	3.5% ±1.6%	4.8% ±0.3%	3.8% ±0%
\$35,000 to \$39,999	3.5% ±1.5%	4.3% ±0.2%	3.5% ±0%
\$40,000 to \$44,999	2.5% ±1%	4.3% ±0.2%	3.8% ±0%
\$45,000 to \$49,999	3.8% ±1.3%	4% ±0.3%	3.4% ±0%
\$50,000 to \$59,999	5.5% ±1.4%	7.5% ±0.3%	6.9% ±0%
\$60,000 to \$74,999	10.2% ±2%	9.9% ±0.4%	9.4% ±0.1%
\$75,000 to \$99,999	16.6% ±2.8%	13.5% ±0.4%	12.8% ±0%
\$100,000 to \$124,999	9.7% ±1.9%	9.3% ±0.4%	9.9% ±0.1%
\$125,000 to \$149,999	6.8% ±1.6%	6.2% ±0.3%	7% ±0%
\$150,000 to \$199,999	8.8% ±1.9%	6.6% ±0.3%	8.7% ±0%
\$200,000 or more	15.3% ±2.5%	7.5% ±0.3%	11.5% ±0.1%

The ACS 2022 1-year analysis here shows a high percentage (over 15%) of those households earn over \$200,000/year, about 2 times the state average, with a significant percentage of the overall population earning less than \$100,000. The following chart indicates that close to 9% of the households in Beaufort County moved from another state, some for retirement and some because of the ability to work remotely.



With the growth in population, in particular, with the in-migration of higher-income households to the area, housing prices have significantly escalated. The 2022 Census Reporter indicated a median value of \$463,200 for owner-occupied housing in Beaufort County, and 31% of all homes are valued between \$500,000-\$1M, more than double the rate of homes in this range for South Carolina as a whole. (The median home value for South Carolina is \$254,600 and \$320,900 for the United States.)

As predicted in the Bowen study, continued demand for housing and escalating prices in the area is making it more difficult for many working families to afford stable housing options in the region, particularly for workers in tourism and service sectors.



Economic and Employment Analysis

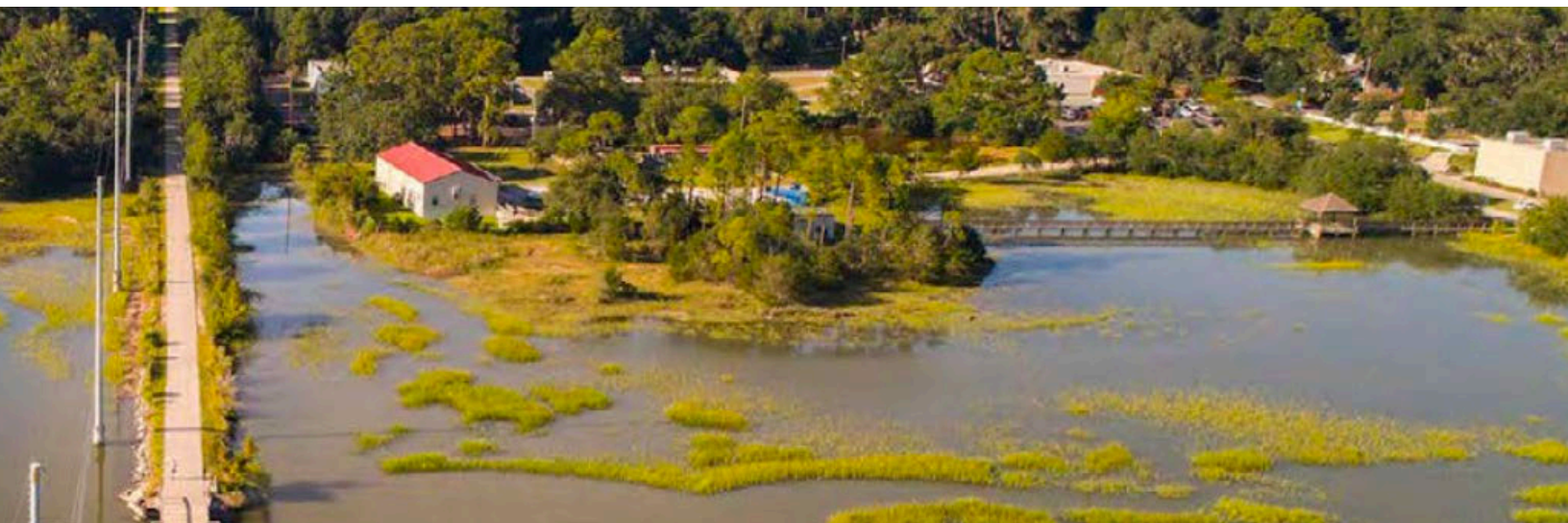
Economic Summary

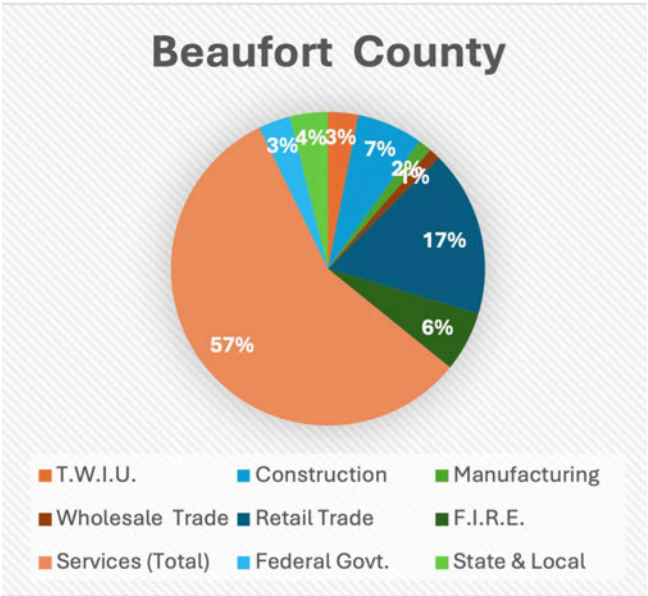
The local Beaufort County economy is diverse but greatly influenced by tourism and nearby military bases. The three largest industry sectors in the county include Accommodations & Food Service (20.1%), Retail Trade (16.0%) and Health Care & Social Assistance (13.0%).

Beaufort County experiences a significant amount of tourism throughout the year due to its coastal location and the fact that it is the home of the Parris Island Marine Corps Recruitment Depot and the Marine Corps Air Station Beaufort. Between these two Marine installations and the family visitation and graduation ceremonies, they bring in nearly 200,000 visitors alone annually. The three previously mentioned industry sectors are also heavily-supported by tourism, and although the County is seeking to diversify the county's economy, tourism is still a lead employer for the area and will continue to be in the long-term. (Bowen)

Public and private sectors continue to invest in the local economy to spur economic growth in existing industries while cultivating the growth of new employment sectors. Based on the Bowen report, many of the new business openings and expansions reported fell within the service industry (as do the three largest job sectors for Beaufort County), which typically have low- to moderate wages, and should be considered when evaluating current and future housing development needs.

During interviews with employers as part of the Bowen study, employers indicated that a significant number of new job creation was anticipated to occur within positions at \$50,000 annual wages or less, as seven (7) of the 21 employers anticipate 10 to 50 new jobs to be created over the next five years in this annual wage range, further exacerbating the need for more affordable housing to match these income levels. The 2024 Chart below shows over 57% of the County's workforce within the Service Sector and 17% in Retail.





The following charts were shared as part the of Beaufort Chamber’s 2024 Data dashboard presentation.

Employment in Beaufort County by Sectors

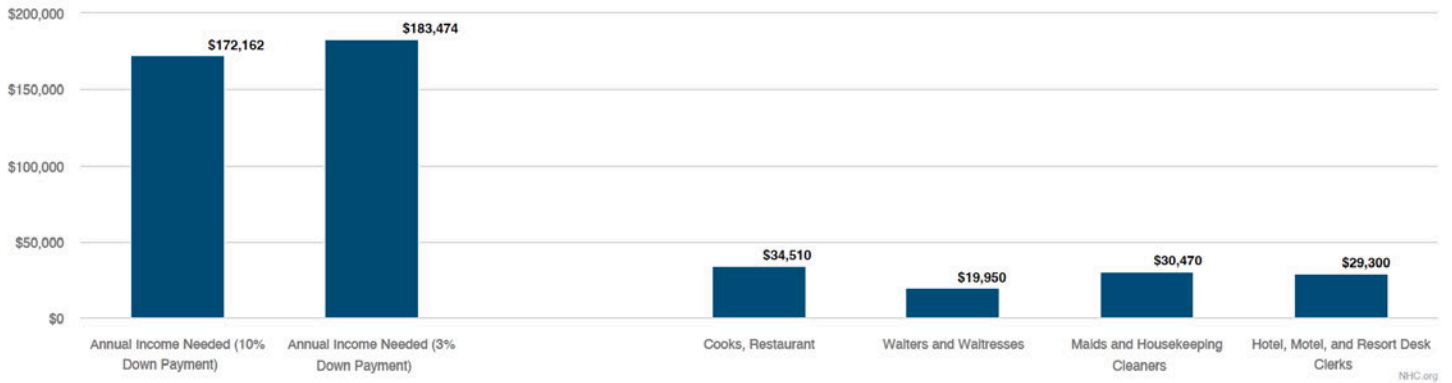
Based on this chart, the highest participation employment sectors in the County tend to produce the lowest wages for its workers, with hospitality being the lowest paid sector but one of the top three employment sectors. Hospitality workers on average are making less than \$30,000/year, and other service sectors have lower incomes as well including administrators and educators. As part of the Bowen study, several employment sectors were interviewed. Teachers that responded to the survey stated they barely earn enough to afford rent and that they must work additional jobs and/or live with roommates to afford housing in Beaufort County.

Teachers also stated that wages have not increased at the same rate as housing and utilities, demonstrating the affordability problem is especially pronounced for beginning teachers, who have a low starting salary. As indicated in the Beaufort Chamber chart, average salaries for those in the education sector was just over \$40,000 in 2022.

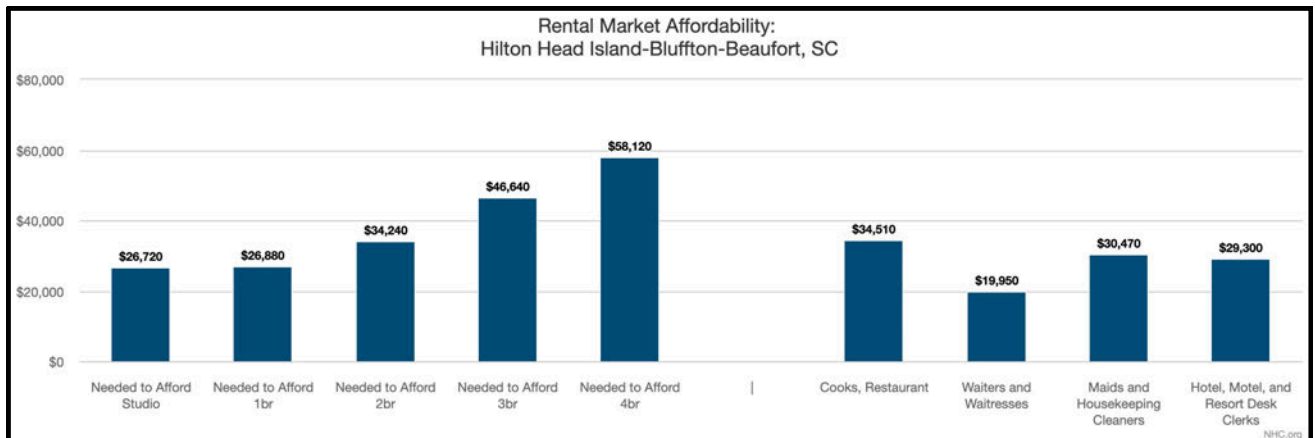


Based on the County’s and the US Department of Housing and Urban Development’s definition of affordable housing, a household that spends more that 30% of their income on housing - or more than three times their annual salary on buying a home, they are considered “cost-burdened”. The following charts from the National Housing Conference’s Paycheck to Paycheck analysis indicates that households need to earn over \$172,000 to afford the average home in Beaufort County and over \$46,000 to afford an average 3-bedroom apartment. The chart also highlights a significant gap between what income is needed and what - for example - employees in the service sector actually earn. None of the tourism positions listed below can afford a 2 bedroom apartment based on this analysis.

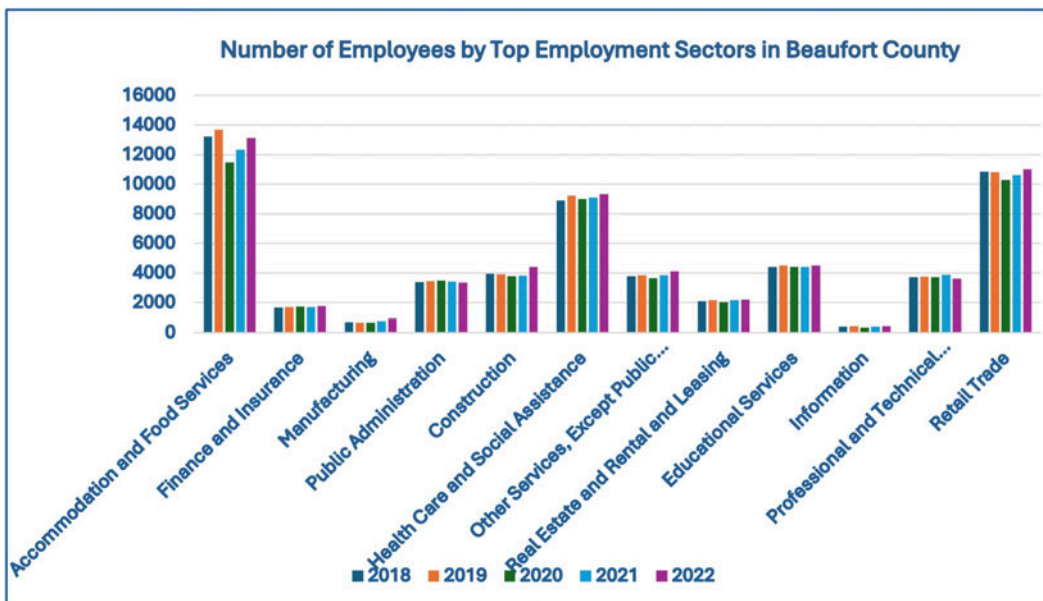
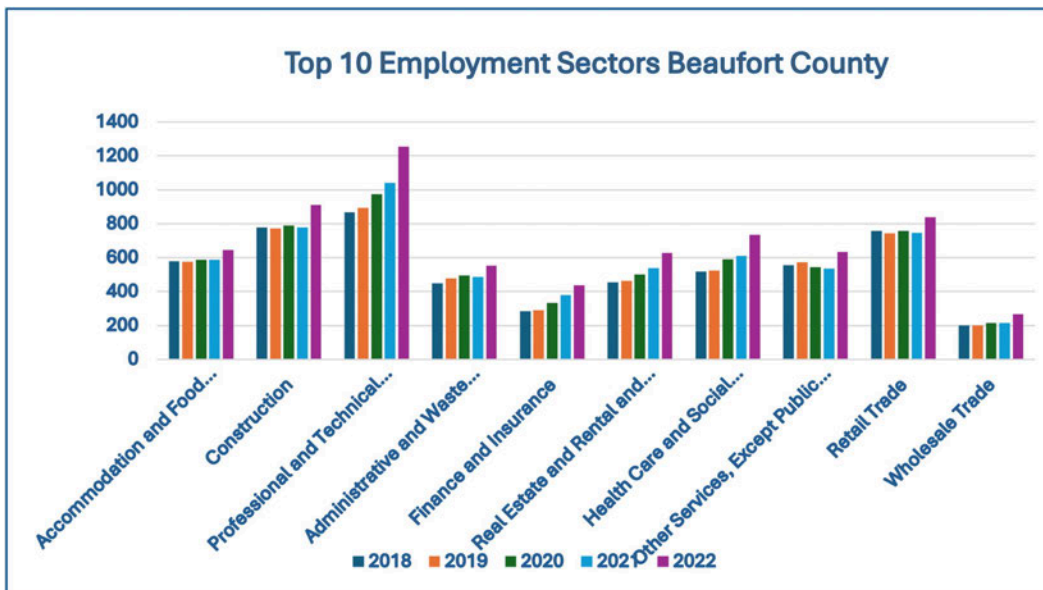
Homeownership Market Affordability:
Hilton Head Island-Bluffton-Beaufort, SC



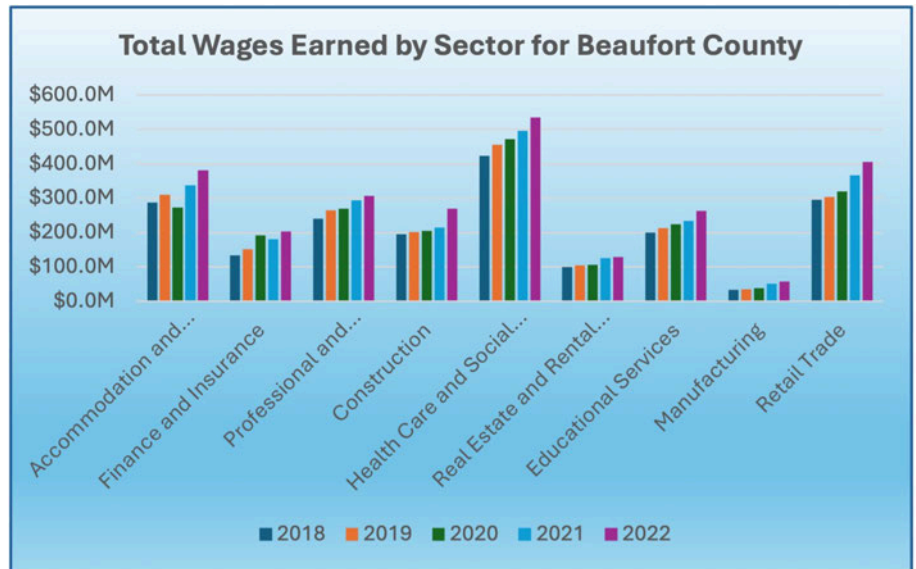
Rental Market Affordability:
Hilton Head Island-Bluffton-Beaufort, SC



The 2024 Lowcountry Community Indicators Report - created by the Lowcountry Council of Governments (LCOG) in partnership with the Community Foundation of the Lowcountry (CFL) - is a centralized community resource highlighting key community indicators and trends in the lowcountry region including Beaufort County and its submarket municipalities within the County. The chart below created from the data in the report shows the top 10 employment sectors in Beaufort County and their establishment growth over a five-year period from 2018-2022. Accommodation and Food Service continues to be one of the number one employment sectors – employing over 13,000 residents - along with Retail, and Health Care, Professional Service, and Construction as additional top employment sectors.

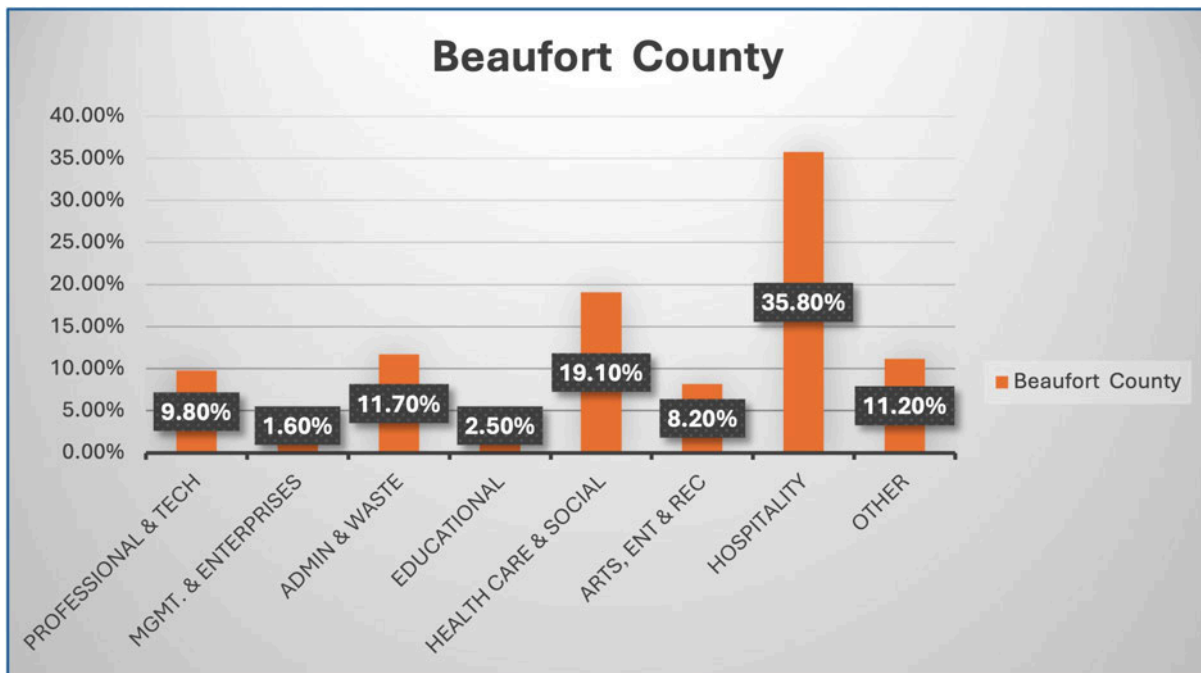


In addition to the significant number of individuals employed within these service sectors as highlighted above, the recent Beaufort Area Chamber of Commerce 2024 Data Dashboard report below indicated overall hospitality as one of the largest grossing employers in the County with Accommodations and Hospitality creating close to \$400M in area earnings just third to Health Care at \$500M and Retail at \$400M. A significant percentage of the County’s economy comes from these three service sectors.



The recent Beaufort Area Chamber of Commerce 2024 Data Dashboard report indicated overall hospitality as one of the largest employers in the County.

Service Sector Employment Breakdown: over 35% of the workforce is in Hospitality.



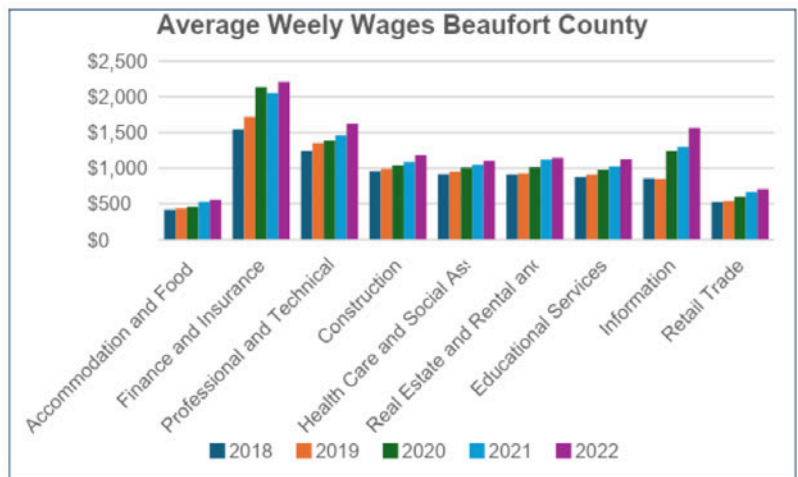
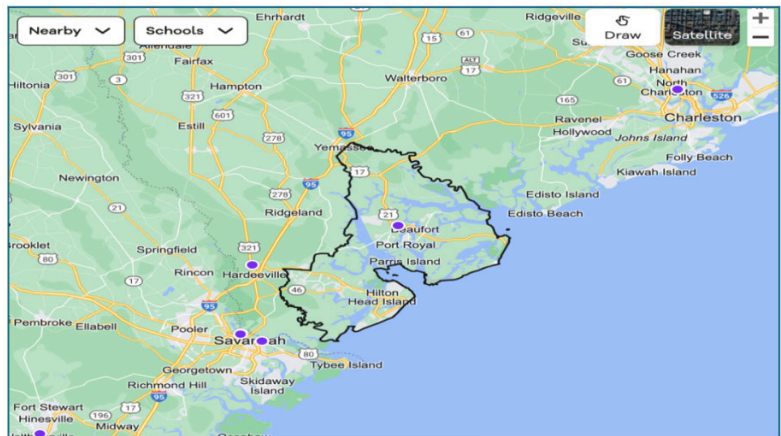
The US Bureau of Labor Statistics May 2023 employment data below shows the average salary for the Beaufort Hilton Head area for overall leisure and hospitality which included food service and accommodations. The average salary based on the most recent data reported for the area was \$29,872, which was slightly higher than 2021 by 5.7%, but is nowhere near enough in annual wages to afford the current housing options within the County.

Private, 1026 Leisure and hospitality, Beaufort County, South Carolina
Annual averages 2021 - 2022 , All establishment sizes
Source: Quarterly Census of Employment and Wages - Bureau of Labor Statistics

Summary Change Table [Hide](#)

From: <input type="text" value="2021"/>	To: <input type="text" value="2022"/>	Annual Establishments	Annual Average Employment	Total Annual Wages	Annual Average Weekly Wage	Annual Wages per Employee
2021 Levels		738	14,934	422,047,609	\$543	\$28,260
2022 Levels		765	16,069	480,014,187	\$574	\$29,872
Level Change From 2021 to 2022		27	1,135	57,966,578	\$31	\$1,612
Percent Change From 2021 to 2022		3.7%	7.6%	13.7%	5.7%	5.7%

Based on the US Department of Housing and Urban Development, a family should spend no more than 30% of the monthly salary for rental housing and no more than three times their annual salary of on homeownership to not be considered "cost-burdened". As mentioned earlier, the County also follows this threshold for their housing initiatives and programs. Based on this standard, a person working in the leisure and hospitality sector should spend no more than \$89,610 on buying a home and no more than \$746.80 for rent, yet - based on recent housing market data -there are few if any available options at these price points, with long waiting lists for government subsidized or assisted housing further depleting affordable options for workers. When conducting a search on Realtor.com for apartments in Beaufort County at \$750/month rent, only one available listing was found from WODA Cooper - an affordable housing developer who has been working in the region for the past few years. The only other options in this price range were found outside of Beaufort County.



As show on the previous page's Average Weekly Wage Chart Accommodation and Food Services incomes have remained relatively stagnant. The LCOG indicators report on average weekly income for this sector is about \$500/week compared to other major employment sectors in the region. With these low incomes and no affordable rental options, workers are forced to commute even further outside of the County to seek housing options.

Employment Analysis:

The 2018 Bowen Housing Needs Assessment highlighted that key workforce sectors struggle to identify affordable housing options in the market for their employees. The area's strongest sector is tourism and entertainment/hospitality whose workers are the greatest housing cost -burdened, due to lower salaries. As mentioned in the study, this sector depends on workers that can live on a lower wage. Therefore, a big challenge for these employees is the lack of affordable housing options throughout Beaufort County. There are few affordable housing choices across the County especially near job centers, therefore employees are forced to commute longer distances to employment opportunities. Interviews with local sources in the 2018 study, indicated the lack of affordable and moderate-income housing in the area is a deterrent to new companies interested in moving to the area, due to the uncertainty of available housing for their employees.

A recent market analysis conducted by Ronald Brown Research & Analysis for an affordable housing project submitted to the state for low-income housing tax credit project (LIHTC) for Beaufort County indicated a large percentage of workers commuting from several other counties to work in the area. The study highlighted that hospitality and service sector employers depend on low to moderate income workers who may have to drive longer distances for housing options. As noted in this chart from the Analysis, several workers are commuting from as far as Charleston and Dorchester Counties as well as Chatham County, GA. Adjacent county Jasper County has the greatest numbers of commuters. As Jasper County continues to grow many of these worker may choose to work in Jasper verses Beaufort as more jobs and businesses come to this area where many workers already live, which could mean a decline in workers for Beaufort County businesses.

Working in Beaufort County	41,534
Where Beaufort County residents are commuting to:	
Charleston County, SC	2,909
Chatham County, GA	2,849
Jasper County, SC	2,664
Richland County, SC	1,612
Greenville County, SC	1,214
Lexington County, SC	868
Horry County, SC	676
Berkeley County, SC	549
Spartanburg County, SC	495
Elsewhere	6,472
Where Beaufort County workers are commuting from:	
Jasper County, SC	4,105
Chatham County, GA	1,901
Charleston County, SC	1,708
Dorchester County, SC	1,129
Hampton County, SC	901
Berkeley County, SC	858
Colleton County, SC	801
Orangeburg County, SC	706
Richland County, SC	693
Elsewhere	7,665

Cost Burdened:

As part of the Bowen report analysis, researchers conducted extensive outreach and analysis on the existing availability of both subsidized and unsubsidized affordable housing and determined at the time there were virtually no vacant units among the surveyed Tax Credit and government subsidized rental product that is intended to provide affordable housing in the County, and a relatively small inventory of for-sale product was priced under \$200,000.

As a result, many lower-income households have to choose from various market-rate rental or higher priced for-sale housing alternatives that are not considered affordable to many of these households. Households that are “cost-burdened” (typically paying 30% or more of their income towards housing costs) or “severe cost-burdened” (typically paying 50% or more towards housing costs) often find it difficult paying for both their housing and meeting other financial obligations. The same study conducted by T Ronald Brown in 2023 indicated close to 50% of area’s renters are considered cost-burdened.

Table 17 - Household Income, Renter Households

Income	Overburdened Renters			
	Number	Percent	Number	Percent
Up to \$10,000	443	9.3	201	9.2
\$10,000 - \$19,999	337	7.1	303	13.9
\$20,000 - \$34,999	466	9.8	428	19.7
\$35,000 - \$50,000	730	15.4	574	26.4
\$50,000 - \$75,000	901	19.0	473	21.7
\$75,000 - \$100,000	790	16.6	126	5.8
\$100,000 and over	1,087	22.9	71	3.3
Total	4,754		2,176	

Source: 2016 to 2020 American Community Survey; T.Ronald Brown: Research & Analysis

Even the most recent US Bureau of Labor Statistics report for the Beaufort Area for May 2023, indicates employees in the Accommodations and Food Service sector are severely limited in housing choices based on median incomes. The following chart indicates what these employees in these key positions could afford without being considered cost-burdened. The chart shows both affordable rental and ownership ranges for each of these positions based on spending no more than 30% of their income on housing. The challenge for these employees is there are few housing options in the area within these price ranges, which will be highlighted in more detail in the Housing Market Chapter of this Housing Impact Analysis.

Select Accommodations and Food Service Positions				
May 2023 Occupation HHI-Bluffton-Beaufort Area	Hourly MEDIAN	Annual MEDIAN	Affordable Rental (30% Income)	Affordable Ownership (3x Annual Salary)
Food Service Managers	\$ 30.26	\$ 62,930.00	\$ 1,573.25	\$ 188,790.00
Lodging Managers	\$ 37.06	\$ 77,090.00	\$ 1,927.25	\$ 231,270.00
Chefs and Head Cooks	\$ 29.33	\$ 61,000.00	\$ 1,525.00	\$ 183,000.00
Cooks, Restaurant	\$ 16.59	\$ 34,510.00	\$ 862.75	\$ 103,530.00
Bartenders	\$ 8.78	\$ 18,270.00	\$ 456.75	\$ 54,810.00
Waiters and Waitresses	\$ 9.59	\$ 19,950.00	\$ 498.75	\$ 59,850.00
Dining Room and Cafeteria Attendants and Bartender Helpers	\$ 11.12	\$ 23,130.00	\$ 578.25	\$ 69,390.00
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$ 12.75	\$ 26,520.00	\$ 663.00	\$ 79,560.00
Landscaping and Groundskeeping Workers	\$ 17.56	\$ 36,520.00	\$ 913.00	\$ 109,560.00
First-Line Supervisors of Housekeeping and Janitorial Workers	\$ 21.93	\$ 45,620.00	\$ 1,140.50	\$ 136,860.00
Maids and Housekeeping Cleaners	\$ 14.65	\$ 30,470.00	\$ 761.75	\$ 91,410.00
Baggage Porters and Bellhops	\$ 11.78	\$ 24,510.00	\$ 612.75	\$ 73,530.00
Concierges	\$ 20.05	\$ 41,700.00	\$ 1,042.50	\$ 125,100.00
Hotel, Motel, and Resort Desk Clerks	\$ 14.09	\$ 29,300.00	\$ 732.50	\$ 87,900.00
*bls.gov				
<i>*Note these estimates are based on a one-person income</i>				

At the time of the Bowen study, among Beaufort County’s renter households, a total of 9,370 (47.4%) were cost burdened and 3,883 (19.6%) were severely cost burdened. In South Carolina, these ratios are 45.7% and 23.3%, respectively. A total of 15,463 (33.5%) owner households were considered cost burdened, while 6,613 (14.3%) were severely cost burdened. This extensive study also highlighted that few new affordable housing units have been built within the County. The greatest shares of severe cost burdened renter households were in the City of Beaufort (21.8%) and the Northern Unincorporated (21.6%) submarkets, while the greatest share of severely cost burdened owner households are within the Town of Hilton Head Island (18.8%) and City of Beaufort (16.0%) submarkets.

As such, a key recommendation from the Bowen report was to preserve the existing stock of affordable housing and expand affordable housing alternatives as critical for the growth of Beaufort County’s future housing plans. Early 2024, the County committed funding to the Coastal Community Development Corporation (CCDC), a new nonprofit focused on workforce housing to support increased preservation of affordable rental units.

With limited new affordable housing developments within the county leading to a community starved of affordable housing options for many years, preservation will be critical as the County plans for new affordable developments moving forward.



Based on analysis during the Bowen report - which identified and personally surveyed 60 multifamily rental housing projects containing a total of 5,963 units within the overall county, the last government subsidized affordable housing project was built before 2017. These projects have an overall 97.6% occupancy rate, indicating that there is limited availability among the multifamily rental housing supply and overwhelming demand from the community. The non-subsidized units (market-rate and non-Tax Credit) are 97.2% occupied, while the government subsidized units are 100.0% occupied. With 139 of the 142 vacant units identified in the market among the market rate supply, there were virtually no vacancies among affordable rentals that served low-income households through programs such as the Low-Income Housing Tax Credit (LIHTC) program or a government subsidy.

Government Subsidized			
Year Built	Projects	Units	Percent Share
Before 1970	-	-	-
1970 to 1979	7	421	51.8%
1980 to 1989	5	228	28.1%
1990 to 1999	2	68	8.4%
2000 to 2005	1	35	4.3%
2006 to 2010	-	-	-
2011 to 2015	1	60	7.4%
2016	-	-	-
2017*	-	-	-

*As of December

Based on Bowen interviews at the time with area apartment managers, many affordable rental properties maintain long wait lists, and a recent interview with staff at Beaufort County Health and Human Services indicated that they have over 1,000 individuals seeking housing at any given time. At the time of the study, the Beaufort Housing Authority indicated that over 1,100 families were on their waiting list for housing within the County. Since the Bowen study was completed, no additional low-income housing tax credit apartment communities have been approved within the County.



Housing Needs for Employees:

During the Bowen study, employers were asked to rank the degree of need (low, moderate and high) for housing for their employees in terms of product type. Respondents reported that the highest need based on product type are single-family homes (42.1%), multifamily apartments (31.6%) and duplex/townhomes (22.2%). It's notable that employers ranked the lowest need of housing by product type as mobile homes (63.2%), short-term/seasonal housing (47.4%) and dormitories/shared living (33.3%).

Employers were also asked to rank the degree of need for housing in terms of product pricing. Respondents reported that the highest need based on product pricing are entry level/workforce for-sale housing (below \$150,000), affordable rental housing (under \$750/month) and moderate market-rate rental housing (\$750-\$1,250/month) as the next greatest need. It's notable that employers ranked the lowest housing priority need by product pricing as higher-end market-rate rental housing (above \$1,250/month), higher-end for-sale housing (above \$250,000) and moderate for-sale housing (\$150,000-\$250,000) and the next greatest need.

In terms of addressing housing needs for employers in Beaufort County, employers were also asked to rank the level of importance for any future government housing programs, policies, or incentives that could be implemented to assist employees with the accessing affordable housing. Respondents ranked the most important focus areas as new housing development/redevelopment (57.9%), renter assistance (38.9%) and housing assistance for public employees (36.8%).



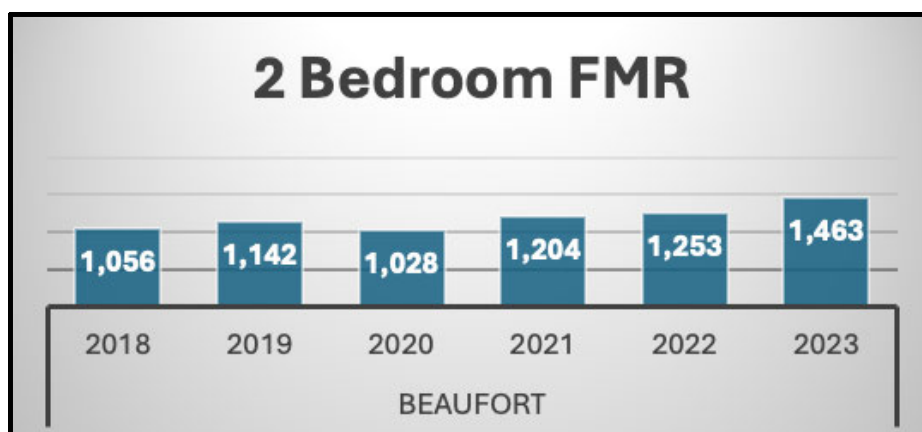
Housing Market Analysis/Conditions

Rental Market

The 2018 Bowen study indicated the lack of housing was most prevalent among housing that serves moderate-income households, (generally earning between 80% and 120% of AMI) and lower-income household segments (generally earning below 80% of AMI). While vacancy rates were low among all rental housing segments, there were very few vacancies among product that serves lower-income households through Tax Credit projects that had an overall vacancy rate of just 0.3% and government-subsidized product - with a vacancy rate of 0.0%. As mentioned earlier, according to the Beaufort County Housing Authority, the wait list for households to get a Housing Choice Voucher consists of approximately 1,100 households.

Feedback from area stakeholders and employers interviewed as part of the Bowen study indicated that affordable rental housing for low- to moderate-income households and - in particular - the service industry (i.e. retail, hospitality, restaurant workers, etc.) and public service workers (i.e. police officers, fire fighters and teachers) should be an area of focus for future housing development. The Bowen report also recommended that future housing plans address affordable rental housing for households with incomes between 80% and 120% of AMI and lower-income households earning up to 80% of AMI. Despite these recommendations, post 2018, little affordable housing has been added to the market over the past five years due to the lack of new tax credit or subsidized projects being approved, and the loss of existing naturally occurring affordable rental housing (NOAH), creating an even bleaker outlook for Beaufort County's affordable rental market today.

According to the recent Lowcountry Community Indicators Report by LCOG, fair market rent for a 2-bedroom apartment was \$1,463 in 2023 (which requires at least \$58,520 annual salary (approximately \$28/hour) – a 39% increase since 2018 and a 17% increase just since 2022.

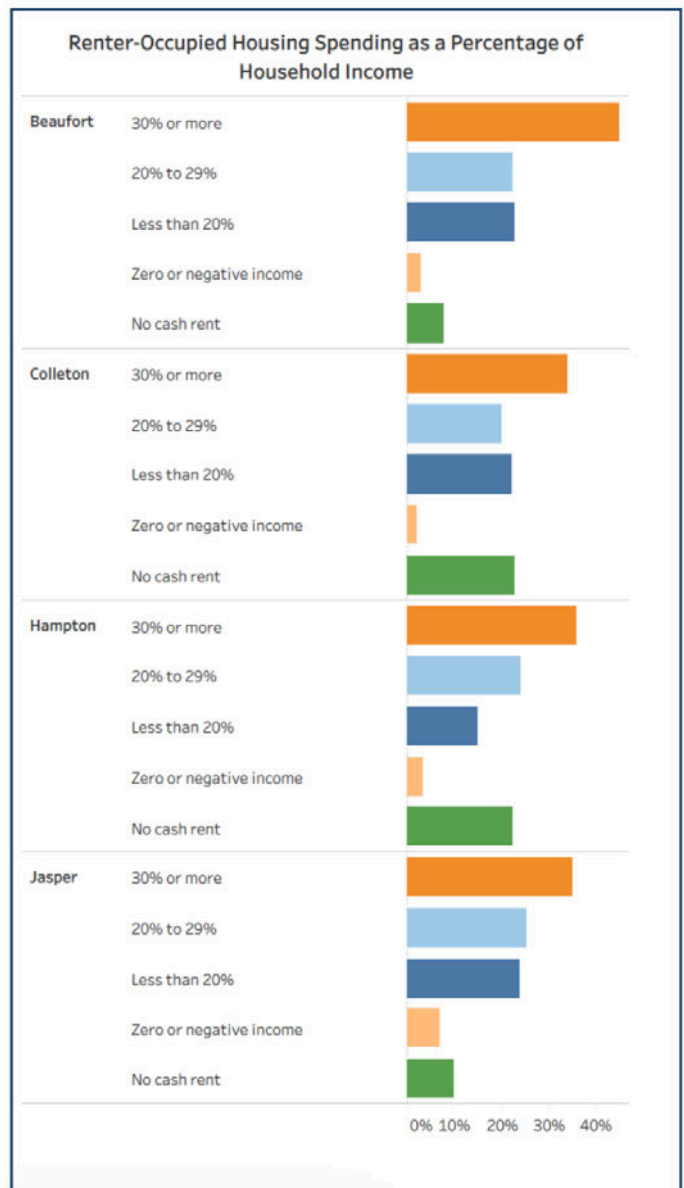


Over 64% of all rental units are priced above \$1,000/month, and 45% of renters in Beaufort County are cost-burdened and spending more than 30% of their monthly income on housing – the highest in the four-county region including Colleton, Hampton, and Jasper Counties. Furthermore, a December 2023 Market Study for a Low-Income Housing Tax Credit (LIHTC) development in the Town of Bluffton found that the median renter income for Bluffton and Beaufort County was \$36,889 and \$49,177 respectively, between \$16,000 and \$9,000 less than what is needed to afford a 2-bedroom FMR unit in Beaufort County.

Compared to other adjacent counties, the chart to the right shows Beaufort County as the most cost-burdened community in the region based on the recent LCOG report, with Jasper and Hampton Counties not far behind.

The same 2023 Market Study of a Low-Income Housing Tax Credit (LIHTC) development in Bluffton found that – of the eligible renter households in that project market area – as many as 91.9% of the 40% AMI renter households, 78.6% of the 60% AMI renter households, and 57.4% of the 80% AMI renter households are cost-burdened and hence would benefit from affordable rental options. The study also found that by 2026 there will be a need of approximately 1,844 new units of affordable rentals – at the 40%, 60%, and 80% AMI ranges - in the Bluffton area and that the proposed 120-unit Livewell Terrace Apartments project will satisfy only 6% of that total demand. Two LIHTC projects currently underway in the County, Garden Oaks and Pintail Pointe, will provide approximately 370 affordable units, yet not nearly enough to meet growing demand.

In the 2024 recent LIHTC round no Beaufort County projects were submitted for final consideration.



While 2,234 affordable rental units have been created using LIHTC financing since 1988, additional funding sources will need to be leveraged in order to scale up affordable development to meet the growing demand in the Beaufort County region. South Carolina State Housing Finance did not offer a tax credit round in 2023 and will be accepting submissions for 2024 at the end of May. Beaufort County should stay involved in the 2025 QAP process to promote the county as a high demand area as the need for more housing continues to grow.

The Tischler Bise study revealed, Beaufort County will have 41,257 new permanent residents and 18,962 new housing units by 2029 – a 22% and 20% increase from 2019. However, only 25% of those new housing units are projected to be multi-unit structures which are more capable of housing this influx of new residents in higher-density developments. This is a concerning trend nationwide where multi-family affordable rentals are drastically underdeveloped. Beaufort County is no different where 2 Unit and 3-4 Unit residential structures saw a 59% and 17% decline in production from 2010 to 2022, and there has been only a marginal increase in production of 2% and 4% respectively from 2020 to 2022.

The following chart from the LCOG Indicators report highlights these discrepancies between single family and multifamily developments in Beaufort County since 2000.

		2000	2010	2020	2022	Change 2000-2010	Change 2010-2020	Change 2020-2022
Beaufort	1-Unit, detached	34,893	53,717	62,665	63,327	53.9%	16.7%	1.1%
	1-Unit, attached	3,279	4,782	6,469	5,296	45.8%	35.3%	-18.1%
	2 Units	1,052	1,486	617	627	41.3%	-58.5%	1.6%
	3-4 Units	2,759	3,314	2,749	2,848	20.1%	-17.0%	3.6%
	5-9 Units	2,956	5,508	5,201	5,163	86.3%	-5.6%	-0.7%
	10-19 Units	1,443	3,186	3,903	3,972	120.8%	22.5%	1.8%
	20 or more Units	5,035	7,796	9,522	8,357	54.8%	22.1%	-12.2%
	Mobile Homes	9,001	9,289	9,660	9,396	3.2%	4.0%	-2.7%

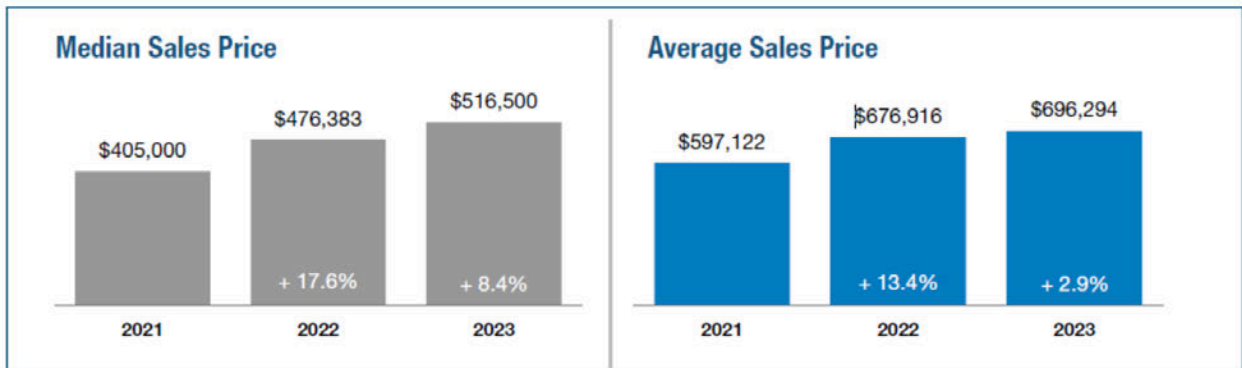
(<https://www.lowcountrycommunityindicators.org/>)



Homeownership

The 2018 Bowen study also pointed out at the time of the report that nearly three-fourths (70.4%) of the available for-sale product was priced at \$300,000 or higher, yet this price point is not affordable to half of the households in the county. At the time of the study, there were approximately 386 available for-sale housing units priced between \$150,000 and \$250,000, yet the number of households that would have enough income (\$50,000 to \$74,999) to afford this price range was estimated to grow to over 800 households over the five years. Therefore, the existing inventory of product priced between \$150,000 and \$250,000 was insufficient to meet the projected need in 2018, and this gap in available affordable housing stock has widened in the region post-pandemic.

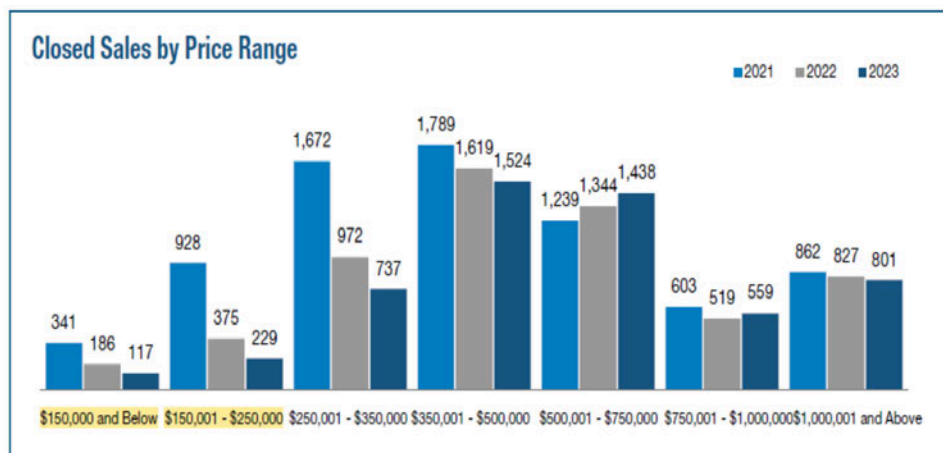
The Hilton Head Area Realtors Association, which tracks the county’s housing market trends, estimated - as part of their 2023 Year-End Market Trend Analysis - a continued increase in the costs of homeownership for the Beaufort County region largely due to a 2-decade high mortgage rate increase – hovering around 7%, a historically-low housing inventory, and a continuing trend of increased sales prices. As shown below, the overall median sales price increased 8.4 percent to \$516,500 for the year – with detached home prices up 4.5 percent and attached home prices up 15.3 percent from 2022. Average sales prices, indicated in the chart below, were close to \$700,000 for the County. The Historical Median Sales price by month also shows this continued trend in escalating home prices.



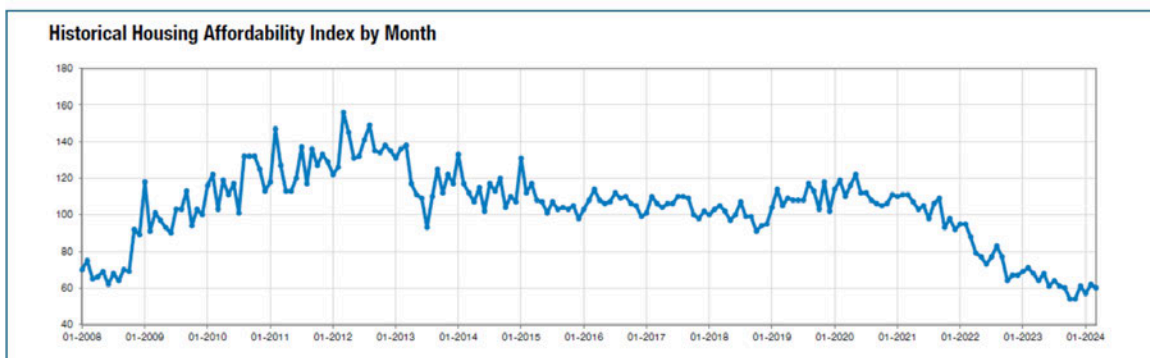
The number of housing units that sold below \$250,000 continued to decline in 2023 – consistent with a trend since 2021 – indicating a prolonged deficit in the affordable housing inventory for Beaufort County. The above graph shows that prices have continued to increase rather than stabilize. In the Bowen Housing Gap Estimates, they predicted a demand for a variety of product at a wide range of affordability levels, including housing for both low- and high-income households, from both rental and for-sale product. Without the introduction of a sufficient number of housing units, the already limited availability of housing units will become scarcer.

The Closed Sales Chart shows a 65% and 75% decline in homes sold below \$150,000 and between \$150,001 and \$250,000 – respectively - since 2021, which is consistent with the Bowen study predictions due to limited inventory below \$300,000.

Recent data from March 2024 shows little improvement in the affordable sales inventory from March 2023 with no change in the number of new single-family listings at \$150,000 or below and only a 5 unit increase for those properties listed between \$150,001 and \$250,000.

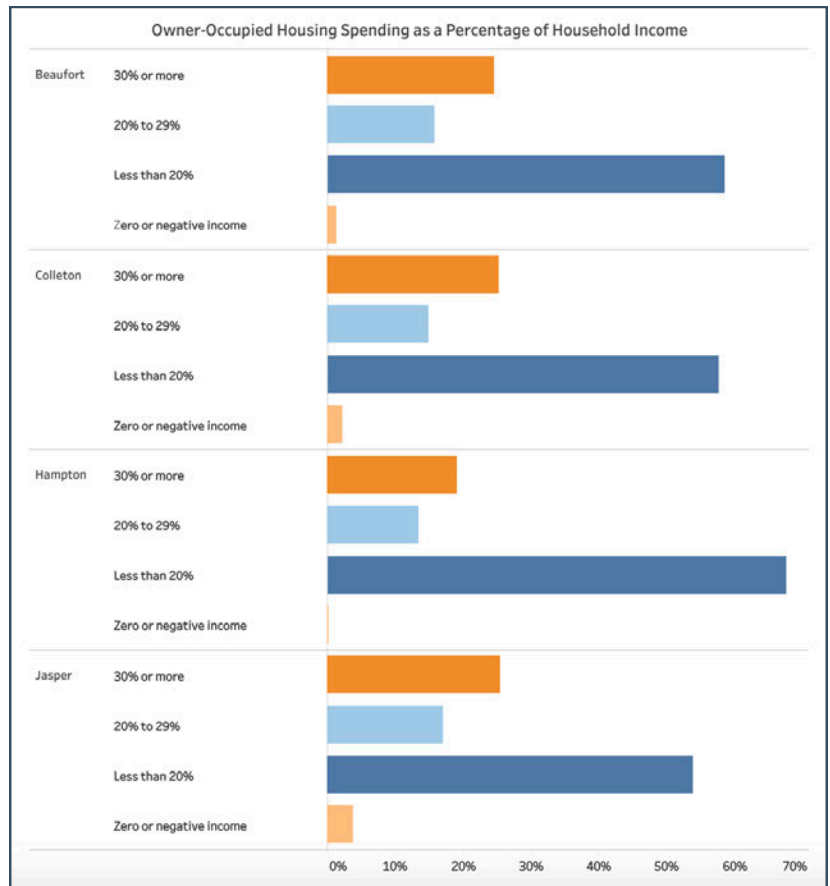
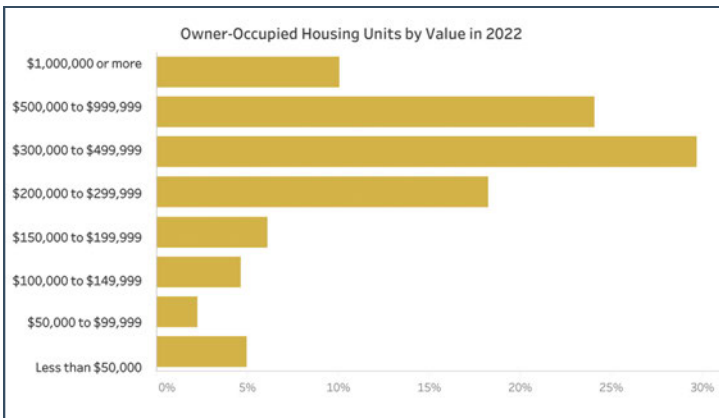


In addition, the Housing Affordability Index – a measure of the necessary median household income to qualify for the purchase of median-priced home in a region – has continued to decline for Beaufort County since 2022. With a higher number meaning greater affordability, the Index is currently at 60 - a 12% decline from last year, a 32% total decline since 2022, and a notable decline even from the time the Bowen study was completed in 2018.



2022 data from the Lowcountry Council of Governments also confirms that 1 in 4 Beaufort County homeowners are cost-burdened for housing - spending 30% or more of their monthly income on housing-related expenses – while 70% of those homeowners have monthly mortgages of \$1,500 or more. Meanwhile, median household income decreased by .5% in 2022 – when adjusted for inflation. Jasper and Colleton counties are not far behind in terms of homeowners that are cost-burdened as both are also close to 30% of households spending more that 30% of their income on housing. This report also shows very few ownership opportunities below \$200,000 compared to higher end homes within Beaufort County as highlighted below.

Despite the paucity of affordable homeownership opportunities, March 2024 key data metrics below shows overall inventory of homes on the market in Beaufort County increased 45% with months’ supply of inventory increasing by 55% - to 3.4 months – since March 2023, a promising upward trend in overall housing stock that could drive down home prices in the future as supply grows.



Key Metrics	Historical Sparkbars	03-2023	03-2024	Percent Change	YTD 2023	YTD 2024	Percent Change
Inventory of Homes for Sale		1,016	1,469	+ 44.6%	--	--	--
Months Supply of Inventory		2.2	3.4	+ 54.5%	--	--	--

Additional data from the Beaufort Jasper Realtors Association (BJRA) indicates that pricing continues to escalate even with an increase in inventory. The following charts show increased median sales price up +1.8% from March 2023 to 2024, the average sales price up +4.5% for the same period in the first quarter of 2024, and the affordability index declining 6.2% over the same period. Pending sales for March 2024 were also up 18.7% from 2023. So, despite a growth in inventory and increased sales it is mainly higher priced homes selling with few below the \$200,000 sales price.

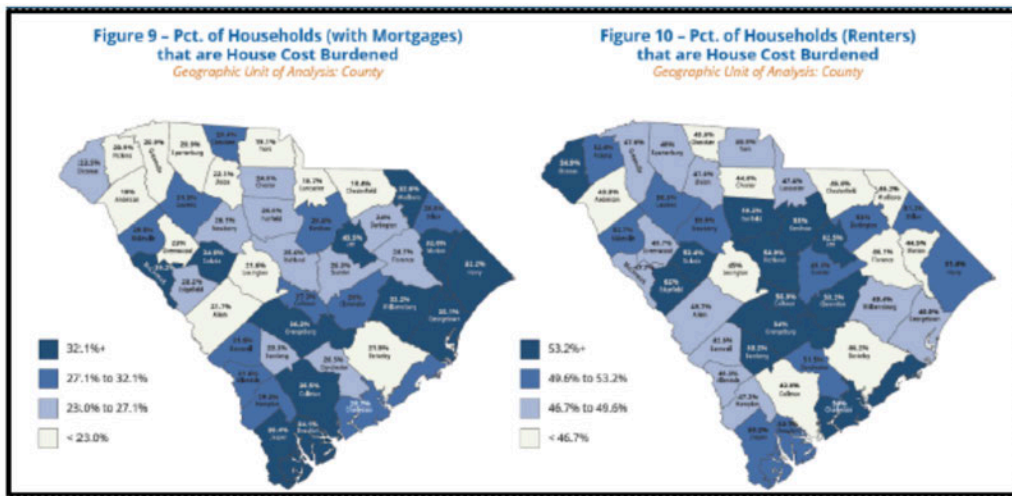
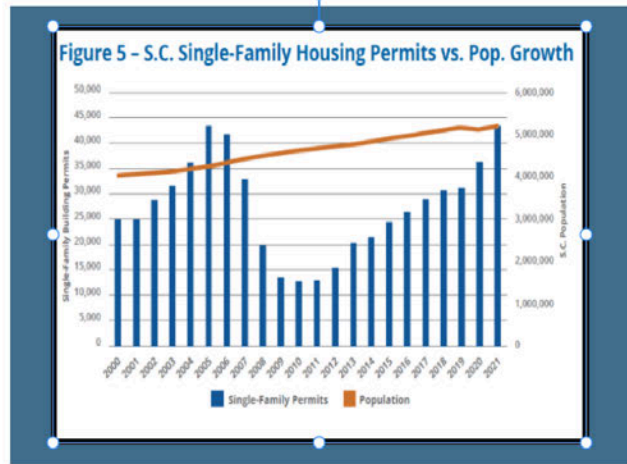
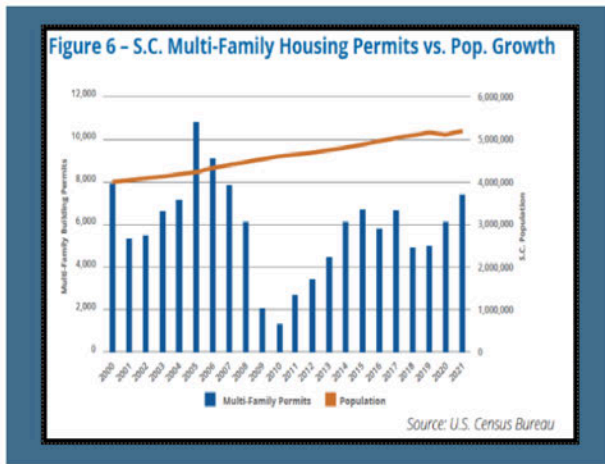
Key Metrics	Historical Sparkbars			03-2023	03-2024	Percent Change	YTD 2023	YTD 2024	Percent Change
	03-2022	03-2023	03-2024						
Median Sales Price				\$390,000	\$396,990	+ 1.8%	\$385,000	\$400,000	+ 3.9%
Average Sales Price				\$460,192	\$465,126	+ 1.1%	\$457,432	\$477,947	+ 4.5%
Housing Affordability Index				81	76	- 6.2%	82	76	- 7.3%

Housing Market Conditions

Although the South Carolina population continues to have strong growth, building has not kept up. The 2023 Palmetto State Housing Study published by SC State Housing indicated that a decade of underbuilding has culminated in a shortage of housing inventory. South Carolina’s population has grown steadily at an average annual rate of roughly 1.2% from 2002 to 2021 (compared to 0.8% for the overall US), and in 2023 its population grew the fastest in the nation – at a 1.7% increase from the previous year. Yet, the average annual growth rate in the number of new housing permits in South Carolina dropped by nearly half after the Great Recession of 2008.

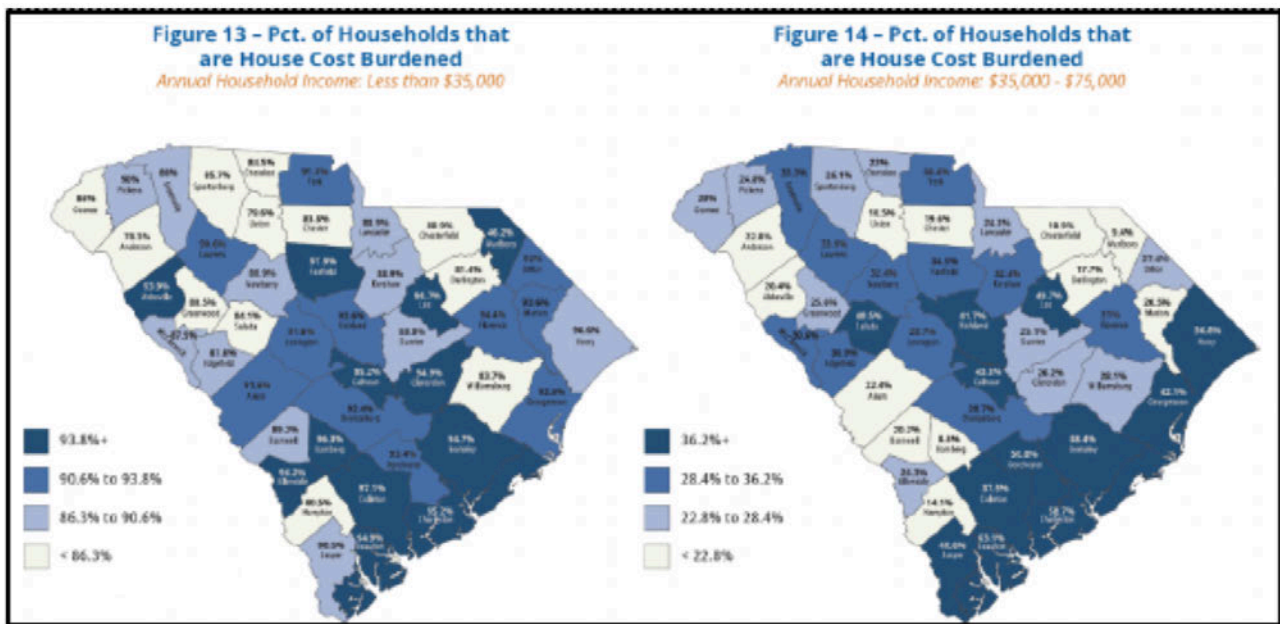
The decline includes both single and multi-family housing, thereby creating gaps in the supply and demand for housing and escalating the cost of housing due to the shortage of supply. The lack of housing inventory in South Carolina is especially pronounced among lower price points. Although a lack of demand in the immediate aftermath of the Great Recession helped temporarily increase the availability of entry-level homes, the number of homes sold in South Carolina for less than \$100,000 has decreased by 14.8 percent each year since 2014. (2023 Palmetto Study) The decrease in supply is most pronounced in coastal regions of South Carolina. In 2022, the percentage of homes sold in South Carolina for under \$100,000 fell below 5 percent for the first time. The 2023 Palmetto Housing Study, as shown in the charts below, reveals that South Carolina’s housing market is imbalanced due to high demand and low inventory levels. This imbalance has resulted in affordability challenges for many South Carolinians.

As mentioned earlier, housing affordability is usually measured by examining the extent to which families are considered to be housing cost-burdened, therefore approximately 50 percent of renting households and 25 percent of households with a mortgage are housing cost-burdened in South Carolina. Examining housing cost burdens by county reveals that renters are most likely to be cost-burdened in the Midlands and coastal regions of South Carolina. By contrast, households with mortgages are most likely to be cost-burdened in the Pee Dee and coastal regions, as shown in Figures 9 and 10. On average, housing cost burdens across the state are higher for renters than they are for households with mortgages.



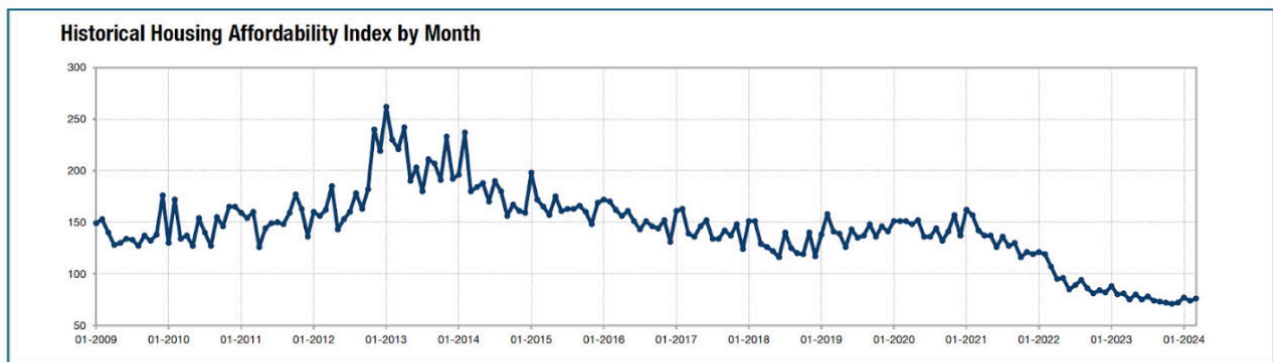
Housing affordability is often considered to be a challenge that is either mostly or exclusively concentrated among households with lower income. Approximately 90% of South Carolina’s lower income households, defined as those earning less than \$35,000 annually are estimated to be housing cost-burdened based on the 2023 Palmetto Housing Study. However, in South Carolina there is also a significant population base of middle-income households that also face affordability challenges. Specifically, this study estimates that more than one-third (34.5%) of households earning between \$35,000 and \$75,000 annually are also housing cost-burdened by traditional measures. Existing statewide workforce housing initiatives are often designed for this population.

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



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

The affordability index (the lower the number the less affordable a market) for Beaufort and Jasper counties collectively continues to decline making the impact on housing options for Beaufort workers even more challenging as neighboring counties are also seeing a decline in affordability. The chart below shows significant regional decline in affordability even since the 2018 Bowen study. As mentioned earlier many workers commute from Jasper County to work in Beaufort, yet housing pricing are increasing in that market as well creating a broader regional housing crisis.



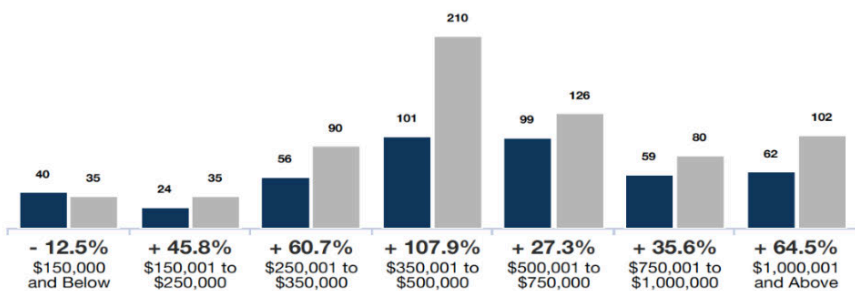
*Beaufort-Jasper County Realtors Association (BJRA)

Even more telling in the loss of regional affordability is the March BJRA Housing Supply Overview which indicated that for the 12-month period spanning April 2023 through March 2024 pending sales in the Beaufort-Jasper County REALTORS® region were down 0.1 percent overall, but the price range with the largest pending sales gain were for homes \$1,000,001 and above, where sales rose 38.5 percent.

Inventory of Homes for Sale

By Price Range

■ 3-2023 ■ 3-2024



With a per capita income of \$72,142 (BEA, 2022) and a median home sales prices of \$522,500 based on a recent Redfin 2024 report, the typical homebuyer in Beaufort County has very little opportunity to buy an affordable home that meets their budget. A \$200,000 home could cost a household \$1,754/month – assuming a 3% down payment and \$449/month in property taxes, homeowners insurance, and private mortgage insurance (PMI). [Nerd wallet] This monthly payment would also depend on the buyer’s credit score. Therefore, the average resident (based on above per capita income) in Beaufort County could barely afford a \$200,000 home.

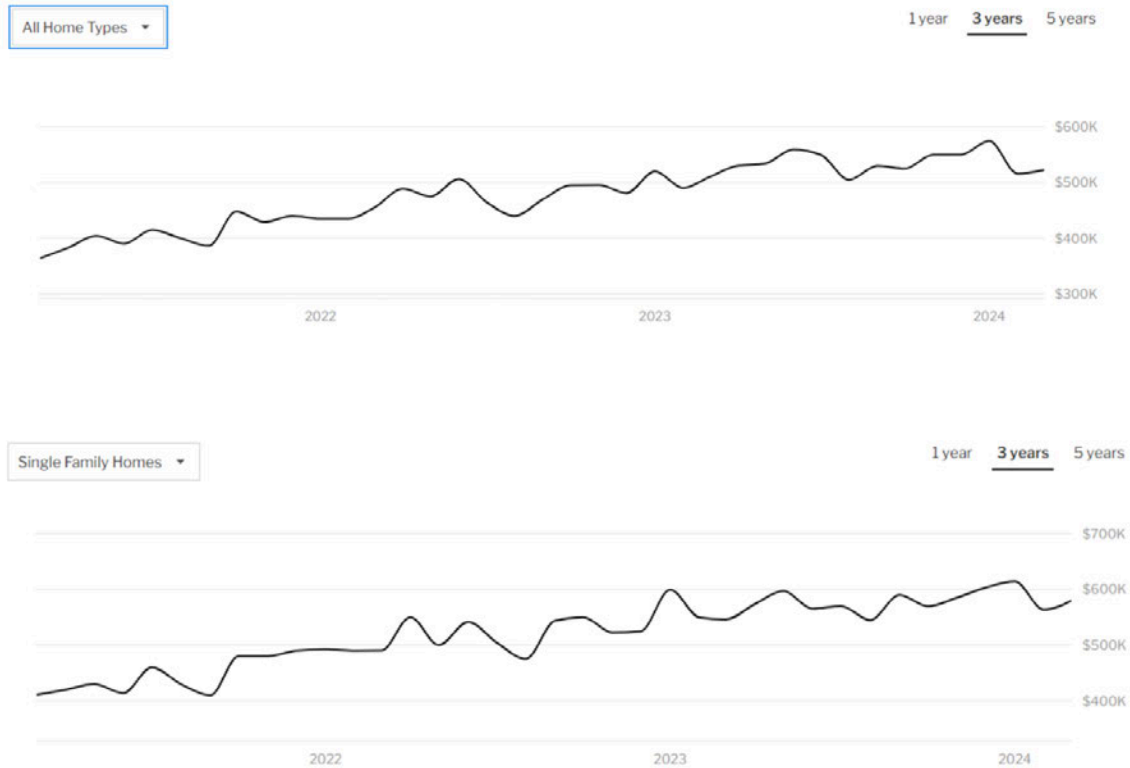
Based on Nerdwallet.com, current mortgage rates on average for the area are over 7 % for a 30-year fixed mortgage and 6.50% for a 15-year fixed mortgage, but - as mentioned - this depends on downpayment and credit score. Many lower income workers do not have significant savings for a down payment and may have credit issues making it harder for them to transition to ownership, especially if they are already cost-burdened and paying higher rents. The below chart shows mortgage interest based on current Annual Percentage Rates(APR).

Product	Interest Rate	APR
30-Year Fixed Rate	7.08%	7.13%
20-Year Fixed Rate	6.85%	6.91%
15-Year Fixed Rate	6.54%	6.62%
10-Year Fixed Rate	6.42%	6.50%

In addition to a limited pipeline of newly planned affordable homeownership options for the area and the low inventory of existing housing units, increased cost in wind and flood insurance are also impacting overall household’s costs in Beaufort County. In some cases, insurance costs have doubled for residential and commercial properties, pricing people out of their homes. For the rental market, insurance premiums are passed along to renters by apartment owners therefore increasing the cost of rent for many families, while incomes have not kept up with housing costs. In some cases, rental property owners have converted their "previously affordable" rental properties into higher cost luxury apartments or short-term rentals, taking them out of the affordable housing inventory.

In March 2024, Beaufort County home prices were up 2.6% compared to last year, selling for a median price of \$523K. On average, homes in Beaufort County sell after 50 days on the market compared to 38 days last year. There were 495 homes sold in March this year, up slightly from 463 last year. (Redfin.com). Based on this recent data pulled from Redfin calculations of home data from MLS listings and public records the following charts show the continued rise in housing cost over the last 3-year.

The Charts include 1) All Home Types listed (villas, condos, townhomes and detached) and 2) Single Family Homes separately. The chart below shows overall housing types (condos, townhomes and single-family ownership) showing a trend of 43% increase in median sale price from 2021 to 2024. For single-family homes, the 3-year trend shows a 41% increase.



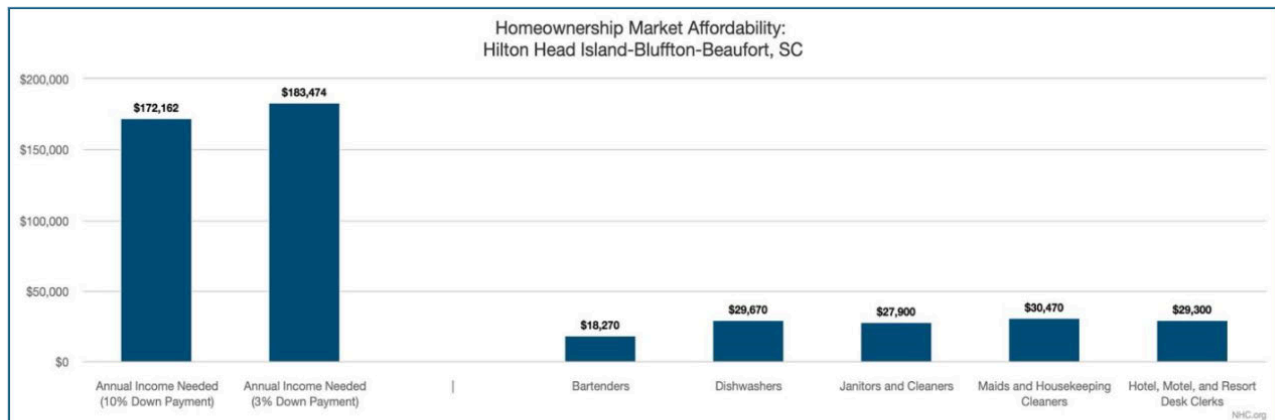
Beaufort County's housing costs is significantly higher compared to many neighboring cities and counties. The overall cost of living in Beaufort County is approximately 3% lower than the National average yet 6% higher than that of Savannah, GA and only 1% lower than that of Charleston, SC – two much-larger neighboring cities (Redfin). Next to Charleston, Beaufort is the most expensive market to buy in this comparison.

Location	Median Price	% Change from 2023 to 2024
Beaufort County	\$522,500	+ 2.6%
Horry County (Myrtle Beach)	\$328,000	+ 2.5%
Greenville County	\$352,495	+ 5.1%
Richland County (Columbia)	\$260,000	- .019%
Chatham County (Savannah)	\$366,000	+ 5.4%
Myrtle Beach	\$285,000	+ 14%
Charlotte MSA	\$402,000	+ 1.8%
Charleston	\$559,500	+ 7.6%

As evidenced in this chapter, there is a clear mismatch between housing that is available in the current market and the area incomes for some of the major workforce sectors. There continues to be few affordable housing options for the area’s workforce with availability and affordability trending down. As highlighted in the National Housing Conference’s Paycheck to Paycheck March 2024 Data Update for Beaufort County MSA areas, the qualifying income needed to afford a 2 Bedroom apartment at \$856/month in the Hilton Head Island-Bluffton-Beaufort, SC MSA is \$34,240 annually. All occupations shown in the table below do not produce enough annual income for the worker to afford a 2 BR rental or purchase a 2 BR home in the Beaufort County area (NHC’s Paycheck to Paycheck Data Update March, 2024, <https://nhc.org/paycheck-to-paycheck/#>) – essentially locking them out of a chance at housing affordability.

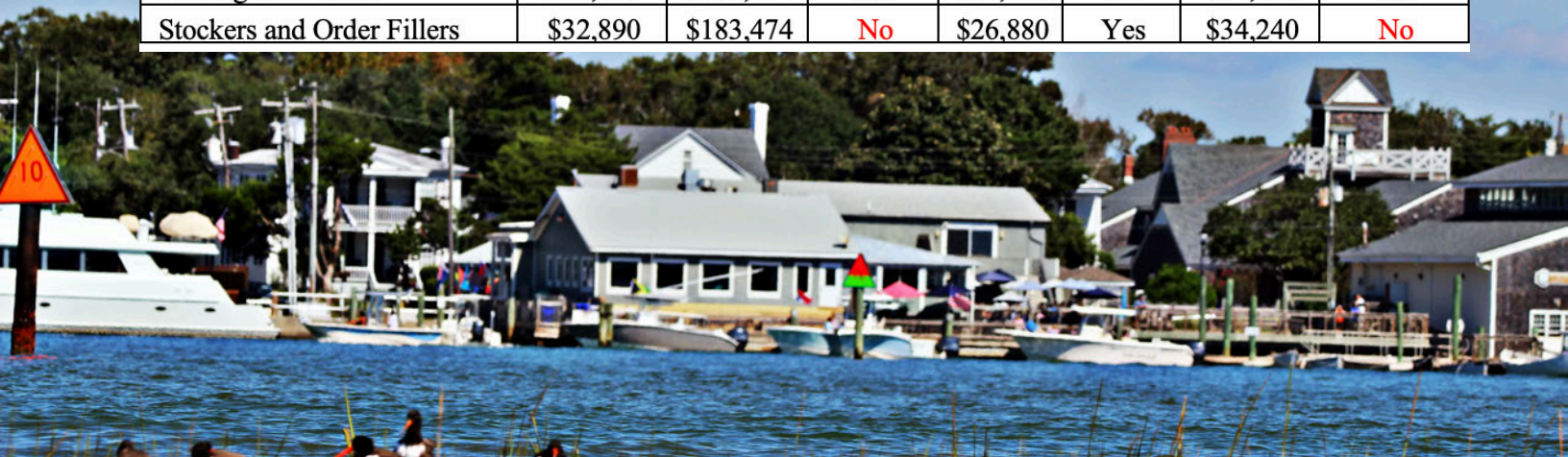
Many of these cost-burdened workers fill occupations critical to the greater Beaufort County’s tourism and leisure industry including Bartenders, Waiters, Dishwashers, Janitors and Maids, and Hotel and Resort Clerks. Others like Substitute Teachers, Home Health Aides, Childcare Workers, and Laundry and Dry-cleaning Workers serve the resident population all year-long yet cannot afford to live affordably in the community they serve.

The charts below from the Paycheck-to-Paycheck affordability index provide several examples - specifically for the workers in the hospitality and accommodations sectors - on what they can afford based on median incomes for each position as well as what they need to earn to afford a median price home or apartment in the Beaufort area.



Other major employment sector positions are also included below to show the growing mismatch between what area workers earn and what they can afford. Tourism related workers are faced with the largest barriers to finding housing options that are affordable but as one can see from the chart below other major employment sectors are also struggling to find affordable options in the region.

Occupation	Area Median Income	3% down qualify	Afford to buy?	1 BR Rent Qualify	Afford Rent 1 BR?	2 BR Rent Qualify	Afford Rent 2 BR?
Substitute <u>Teachers, Short-Term</u>	\$32,470	\$183,474	No	\$26,880	Yes	\$34,240	No
Teaching <u>Assistants, Except Postsecondary</u>	\$23,980	\$183,474	No	\$26,880	No	\$34,240	No
Home Health and Personal Care Aides	\$29,750	\$183,474	No	\$26,880	Yes	\$34,240	No
Security Guards	\$32,940	\$183,474	No	\$26,880	Yes	\$34,240	No
Bartenders	\$18,270	\$183,474	No	\$26,880	No	\$34,240	No
Fast Food and Counter Workers	\$26,590	\$183,474	No	\$26,880	No	\$34,240	No
Waiters and Waitresses	\$19,950	\$183,474	No	\$26,880	No	\$34,240	No
Dishwashers	\$29,670	\$183,474	No	\$26,880	Yes	\$34,240	No
Janitors and <u>Cleaners, Except Maids and Housekeeping Cleaners</u>	\$27,900	\$183,474	No	\$26,880	Yes	\$34,240	No
Maids and Housekeeping Cleaners	\$30,470	\$183,474	No	\$26,880	Yes	\$34,240	No
Hairdressers, Hairstylists, and Cosmetologists	\$29,460	\$183,474	No	\$26,880	Yes	\$34,240	No
Childcare Workers	\$27,670	\$183,474	No	\$26,880	Yes	\$34,240	No
Cashiers	\$26,980	\$183,474	No	\$26,880	Yes	\$34,240	No
Retail Salespersons	\$29,710	\$183,474	No	\$26,880	Yes	\$34,240	No
Hotel, Motel, and Resort Desk Clerks	\$29,300	\$183,474	No	\$26,880	Yes	\$34,240	No
Receptionists and Information Clerks	\$31,780	\$183,474	No	\$26,880	Yes	\$34,240	No
Laundry and Dry-Cleaning Workers	\$27,650	\$183,474	No	\$26,880	Yes	\$34,240	No
Parking Attendants	\$30,180	\$183,474	No	\$26,880	Yes	\$34,240	No
Stockers and Order Fillers	\$32,890	\$183,474	No	\$26,880	Yes	\$34,240	No



Construction and Development Costs

Ownership Market Costs:

A recent article by Today's Homeowner, highlighted that in South Carolina it could cost anywhere from \$150.92/sq.ft. for craftsman-style bungalow to \$603.60/sq.ft. for high-end plantation-style home. This same article highlighted an acre of farmland in South Carolina averages around \$2,830. However, urban lots cost significantly higher at \$500,000 per acre in most cities. These costs will vary depending on where in South Carolina a developer is building; urban vs rural, inland vs coastal etc. Beaufort County includes all these land typologies within the County. Although the submarket town/cities within Beaufort County have smaller populations than places like Charleston and Greenville, the urban cores within the County, like the City of Beaufort and Town of Bluffton, have all seen higher land cost along with construction costs. The County has unincorporated areas adjacent to these towns as well as quite a bit of rural areas that could have more affordable land but may have higher infrastructure costs. One developer interviewed shared it can cost over a \$1M per acre for land in the Island areas (pending location and infrastructure needs) and approximately \$340/sq. ft. for 3 story stick-built building. Another example shared included 2,000 sq.ft. 3-bedroom modular units priced at \$320,000/unit including site work but not land.

The Today's Homeowner article also pointed out the following average per square foot cost based on type of housing:

- **Craftsman Style Beach Cottage: \$150.92- \$188.65/sq.ft.** This type of home is very popular in Beaufort County due to its proximity to the ocean. Most of these types of homes have an average floor area of about 1,850 square feet indicating construction costs anywhere from \$278,500 to \$348,200.
- **Mid-Range Home: \$188.65- \$415.03/sq.ft.** This is for a Lowcountry cottage home typology with wrap around porches and southern design which is a common architectural style for many mid-range homes in the Beaufort area. Most of these types of homes with an average floor area of 1,850 square foot range between \$348,200 to \$766,145.
- **High-End or Luxury Home: \$415.03-\$603.68/sq.ft.** This type of home is typically considered a Plantation-style home usually found in upscale neighborhoods, especially in areas like Beaufort County and their adjacent jurisdictions like Hilton Head Island and Port Royal. Most of these types of homes vary in square footage and tend to be larger homes with high end finishes and amenities so can range anywhere from \$766,145 to \$1,111,400.

Several individual costs that make up these varying construction estimates include framing, exterior work, utilities, interior and finishing costs along with foundational work and labor costs. The costs will vary greatly depending on the type of materials selected and the current pricing for commodities like lumber and concrete. Labor shortages can also play a significant role in the final cost of construction.

	Craftsman-Style	Mid-Range	High-End/ Plantation Style
Charleston	\$175.00	\$262.50	\$700.00
Columbia	\$120.00	\$180.00	\$480.00
Myrtle Beach	\$159.00	\$238.50	\$636.00
Greenville	\$90.00	\$135.00	\$360.00
Hilton Head Island	\$111.08	\$166.62	\$444.32
Sumter	\$118.46	\$177.69	\$473.84
Spartanburg	\$97.00	\$145.50	\$388.00
Florence	\$80.00	\$120.00	\$320.00
Summerville	\$114.65	\$171.98	\$458.60
Beaufort	\$110.00	\$165.00	\$440.00

The chart above provides a good snapshot of estimated construction costs per square foot for various communities in South Carolina compared to the Beaufort area. It should be noted that these are industry-estimates, and each property and home can be significantly different per square foot based on design, location, final finishes and construction financing costs. For the purposes of this Housing Impact Analysis, the chart provides a baseline comparison to consider when evaluating what housing can be considered affordable. As a reminder, a household should spend no more than 30% of their household income or no more than 3 times their annual salary on a home purchase to be considered affordable.



Land Cost:

As mentioned earlier in this same article by Today's Homeowner, land prices vary drastically depending on the location of the property and can be well over \$500,000/acre in some of the coastal areas like Beaufort. In some cases, finding smaller lots can be the best option to keep housing more affordable or increasing density on a piece of land to allow for more units to maximize the value of the land. A smaller piece of land, around a fourth of an acre, may cost around \$125,000, translating to approximately 10,890 square feet, which is more than enough for a single-family home.

Other Construction Costs:

The article also mentioned site preparation can add between 3-8% to a project cost that is not included in typical construction costs and can vary greatly depending on the type of land the home is being built on. For example, in the Beaufort area, many homes must be built above the flood plain or have topology issues due to the proximity to the water or marshland, so they may require environmental mitigation efforts prior to being built or installed on stilts, etc. The cost of site work will also depend on the type of construction, the number of stories, and existing site conditions - creating a range between \$3.34 per square foot to a maximum of \$13.35 square foot.

In addition to building new affordable housing, the County is also interested in the preservation of housing. Both the Bowen Study and the Comprehensive plan included preservation as an important strategy to protect existing affordable housing stock and minimize potential displacement. As mentioned earlier there are few government-subsidized affordable housing units available within the County, which would be protected as affordable for longer- periods of time. Older existing apartments or villas, considered as "naturally occurring affordable housing or NOAH" due to their age, are also limited in the County. One developer shared a list of several properties throughout the county that might be considered relatively affordable or NOAH. These properties were listed between \$220,000-\$360,000 for 2 bedroom 2 bathroom just for acquisition, not taking into consideration repairs or improvements that might be necessary to preserve these units.

Other considerations on total development cost include pre-development and soft costs like professional service fees, architect, engineering, local approvals, permits and tap fees, etc.

Other Impediments to development:

Due to the Beaufort County's location along the coast, other environmental considerations play a huge role in increasing the cost of development, including but not limited to building code requirement to address natural disasters and protections, like seismic and wind zones that require engineered drawings and specified materials that help eliminate risks of home destruction in the event of a hurricane or earthquake.

Local Permitting and Impact Fees:

Although local permitting and impact fees can significantly increase the cost of housing development, the County has looked at where they can reduce or waive these fees for affordable housing developers. The County currently has an affordable housing impact fee waiver program that is described in more detail in the Removing Barriers Chapter of this analysis. The County is looking at other fee waivers and incentives they can implement to support increased affordable housing production, yet many of these fees are not under their control, like water and sewer tap fees or utility costs etc.

As part of the Bowen Housing Needs Assessment, researchers spoke to several developers about the cost of housing development as a barrier to ensuring more affordable options. The study mentioned that during one-on-one discussions with local affordable housing partners they indicated many obstacles that make it hard to develop more affordable housing in the County. One challenge is the high costs for infrastructure improvements and impact fees, finding the land to build and finding development partners willing to build affordable or mixed income housing, since costs have escalated so much over the past five years. Due to topography, wetland and environmental concerns, there is limited developable land in the County that is cost effective enough to make a significant impact on the demand for affordable housing.

Some recommendations that came from those meetings included partners suggesting the County consider more creative types of housing development (alternative types of housing), look at maximizing density where feasible, and consider mixed income where possible and commercial conversion as an option for under-utilized retail and commercial spaces - including repurposing older and dilapidated buildings that could be refurbished and made into affordable housing. The County has already looked at the conversion of older motels/hotels as an option for affordable housing and has a few projects underway within the County.

Insurance:

Related to some of the added costs due to environmental considerations, insurance costs are playing a significant role in affordability. In some communities in the Beaufort area insurance costs for both ownership and rental properties have increased over 100%. A recent 2024 article indicated that homeowners across the country are facing an insurance crisis and driving up housing costs, especially in weather vulnerable coastal communities like Beaufort. According to a survey conducted by Redfin Corp. about 72% of U.S. homeowners said their policy had increased over the past year, about 8% of those surveyed said their insurance company stopped offering coverage for their homes all together. Redfin expects homeowner insurance rates will continue to rise in communities like South Carolina, Florida and California that are more prone to natural and environmental disasters. Insurance marketplace Insurify Inc. projected homeowners' insurance would rise about 6% in 2024 after roughly 20% annual rate increases between 2021 and 2023, that would bring the average rate to \$2,522 annually by the end of the year.

Removing Barriers to Workforce Housing

Incentivizing Affordable Workforce Housing:

A key aspect of this Housing Impact Analysis is to understand both the local barriers to the preservation and production of affordable workforce housing along with the strategies and incentives the County may already offer to support housing solutions. The Bowen Study outlined several housing strategies including planning policies and funding ideas for the County to consider that could incentivize private developers to create more affordable housing within their projects. Based on these recommendations and recognizing the growing demand for workforce housing over the last few years, the County has already implemented several developer incentive programs to support an increase in affordable housing.

Beaufort County Development Code includes an entire chapter on encouraging affordable housing as a key element of the County's growth and development priorities. In Chapter 4 of the Development Code, County Council indicated that affordable housing is the essential foundation upon which to build a more sustainable future for Beaufort County and to grow a more competitive workforce to meet the challenges of our regional, state, and global economy.

County Council found that zoning regulations can be an effective tool for implementing the strategies to address the needs for affordable housing stock within Beaufort County. Within the Developer Incentives Chapter, the County identified certain incentives and zoning tools that can help facilitate and encourage the development of affordable housing types. Specifically, this chapter was intended to promote a diversity of housing stock by providing certain incentives and regulatory standards for the creation of affordable housing units in the C5 zoning district. The following highlights specific excerpts from the Development Code that Beaufort County has already committed to support the increased production of affordable workforce housing.



Developer Incentives:

Chapter 4 of the Beaufort County Code

Within this chapter the County outlines what is required for a developer to access density bonuses and impact fee exemptions for projects that commit to including affordable housing within a larger development project.

The number of owner-occupied affordable housing units and/or rental affordable housing units per development shall be one of the following at the election of the applicant:

- Thirty (30%) percent of the dwelling units, rounded up to the whole number, shall be restricted by deed as owner occupied affordable housing units and/or rental affordable housing units for a period of at least twenty (20) years; or
- Twenty (20%) percent of the dwelling units, rounded up to the whole number, shall be restricted by deed as owner occupied affordable housing units and/or rental affordable housing units for a period of at least twenty-five (25) years.

Density bonus. Housing developments or re-developments located within the Regional Center Mixed Use (CS) zone district may elect to development land in compliance with this chapter. As an incentive for development under this chapter, there shall be no maximum density or minimum lot size requirements.

Impact fees. Impact fees shall be reduced in proportion to the number of affordable housing units being provided in accordance with Beaufort County Code of Ordinances Section 82-32. A project approved under this chapter shall be determined to be a project that creates affordable housing for the purpose of exempting impact fees in proportion to the number of affordable housing units created. The following table indicates the percentage of discount available for Impact Fees for Affordable Housing:

Area Median Income (AMI)	Impact Fee Discount
Under 60%	100%
60% to 80%	60%
Over 80%	0%

The County commits a certain amount of funding annually into their Beaufort County Affordable Fund to support this incentive for affordable workforce housing projects based on project eligibility and available funding. Development impact fees may be subsidized, as long as funds are available in the Beaufort County Affordable Housing Fund, by up to 100 percent for housing a person or family earning 80 percent or less of the county's median family income. Criteria approved by county council will be used to provide guidance and should be reviewed prior to requesting assistance from the County.

Financing/Funding:

In addition to implementing several planning policies that can encourage developers to produce affordable workforce housing, the County has also committed funding to support financing solutions for development projects. One noteworthy strategy included leading the housing trust fund study that launched a regional housing trust fund. The County worked closely with other local jurisdictions and Jasper County to implement the Beaufort Jasper Housing Trust Fund (BJHT), which was officially incorporated in 2023. Participating jurisdictions signed an intergovernmental agreement, agreeing to the creation of the fund and a 10-year funding commitment, with the County being the largest contributor to the Fund initially.

Beaufort Jasper Housing Trust Fund

The housing trust fund mission is to assist in the financing and funding of affordable housing. The housing trust fund was supported originally with a one-time allocation from the American Rescue Funds from each participating jurisdiction. Subsequent annual funding will need to be determined by each government partner from a local source that their Councils identify.

The above incentives and financing tools are a just a few of the initiatives that the County has already implemented to support the preservation and production of affordable workforce housing efforts. The County is constantly seeking ways to support affordable housing, including looking at policy or regulatory tools that could encourage more affordable and mixed income housing. With the passage of Act 57, the County now has the opportunity to utilize a new funding source for workforce housing projects within the County. These funds will help compliment the County's existing programs to increase the production and preservation of workforce housing.



Image from Garden Oaks Apartments

In addition to the efforts mentioned above, the County is also investigating the following policy and strategies to support the growing need for more affordable housing.

Preserve Existing Affordable Housing

- Work with municipalities to develop conservation overlay zones or similar, to protect areas of naturally occurring affordable housing; an example would be the Oaklawn subdivision on Oaklawn Ave in the City of Beaufort.
- Prohibit new Short Term Rentals in single-family zoned neighborhoods unless the owner lives on the premises (i.e., prohibit new STRs on 6% property).
- Identify all LIHTC projects in the County; determine when the affordability period ends; develop options for extending affordability period or otherwise maintaining affordability.
- Consider establishing and/or funding local housing repair programs targeted at low-moderate income homeowners or income-restricted rental properties.

Promote New Affordable Housing

- Revise development codes in the County and municipalities to promote more missing middle housing by allowing 2 accessory dwelling units (ADUs) per lot and allowing 2- and 3-family dwellings in current single-family zones. Consider allowing 4-family dwellings and townhouses.
 - eliminate on-site parking requirements for ADUs
- Waive or reduce building permitting fees for ADUs where owner signs an affidavit that covenants do not preclude it being rented.
 - consider waiving or reducing building permit fees for other Missing Middle housing types indefinitely or for a limited period of time to stimulate interest in development
- Work with SC Building Codes Council to allow 3- and 4-unit structures to be built with alternatives to sprinklers.
- Work with municipalities to develop pre-reviewed plans for Missing Middle Housing, starting with ADUs.
- Advocate legislature for authority to adopt inclusionary housing ordinances.
- Advocate legislature for authority to adopt real estate transfer fee that could be used for affordable housing and open space preservation.
- Adjust all impact fees to be based on the true impact of the use; fees should be based on square footage of the unit and/or the number of bedrooms.
- Facilitate a developers training workshop similar to what is done by The Incremental Development Alliance, to educate contractors and developers on developing Missing Middle Housing.



Conclusion

The Bowen report emphasized the need for the County to support a balanced housing approach to meet the growing demand for diverse housing options with an emphasis on affordable workforce housing. As highlighted in this Analysis, while current housing shortages are more pronounced among lower-income households, the projected household growth among higher income households is significant. There is a need to provide housing to meet this population growth as well to avoid a “bottleneck effect”. When there is not sufficient housing stock in the market to meet diverse income growth, residents have few options to move into housing that meets their income, therefore they tend to stay in existing homes or rental units longer instead of upgrading to newer housing. When residents upgrade or move into a newer housing option, more affordable options are freed up for low to moderate income households to access. Additionally, when the housing market does not keep up with demand caused by population growth and limited housing stock, supply and demand market forces increase the overall cost of housing, making it difficult for low- and moderate-income families to find affordable housing.

The Bowen report also indicated projected growth to be robust among both renter- and owner-occupied households and among both younger and older adults, providing further evidence that future housing development will need to be diverse to meet the varied needs of each of these household segments. With the ongoing population growth as indicated in this analysis and the lack of available housing inventory, especially affordable options, the County is seeking diverse solutions to address the need for more affordable housing, with a focus on the growing workforce needs. The housing shortage is directly impacting the County’s ability to attract and retain employers and employees in some of the key business sectors mentioned in this Analysis, in particular within tourism related jobs. The County has already implemented several policies and programs to support the preservation and production of a broad spectrum of affordability levels and product types including some mentioned within this analysis.

With tourism continuing to be one of the top three employment sectors in the County, there is a clear nexus between the need for workforce housing solutions and the revenues generated by the tourism economy. The availability of ATAX to support workforce housing provides the County with a new revenue source to help with the development and implementation of additional solutions to meet the growing need for more affordable housing options.

The passage of Act 57 offers the County a new opportunity to increase financial resources available to support programs for affordable workforce housing opportunities. The County estimates a total State ATAX amount for FY2025 of about \$1,500,000. With the new law, the County could now use up to 15% of this tax revenue to support workforce housing efforts in addition to 15% of their local ATAX revenues, which could be a significant new resource to support affordable housing efforts in the County.

As outlined in Beaufort County's adopted 2040 Comprehensive Plan, the County is committed to a diverse community that balances growth, attracts business and employment opportunities, preserves the areas fragile environment, ensures affordable housing options, and maintains quality of life for all residents regardless of income. The County is also committed to investing in new public infrastructure, creating incentives for affordable housing, and focusing development on land of the highest suitability. Within the Housing Element of the 2040 Comprehensive Plan, the County's overarching goal is to promote quality, affordable housing available and accessible to all residents, while ensuring a mix of housing types available to residents of varying incomes, ages and abilities.

To address this growing workforce and housing mismatch as highlighted throughout this Housing Impact Analysis, Beaufort County will need to continue to play an active role in promoting affordable housing solutions. Efforts will need to include but are not limited to implementing additional planning and zoning policy incentives, enhance public/private partnerships with affordable housing developers and identify new and flexible funding sources that enable these projects to come to fruition.

The County through its comprehensive plan, has already committed to:

- Foster the creation of affordable housing near jobs, services and public transit.
- Reduce regulatory barriers to the creation of affordable housing.
- Establish an ongoing funding source to address housing needs.
- Partner with non-profit agencies and the private sector.
- Work regionally to address affordable housing needs.

To further support these commitments, the County is seeking the opportunity to increase funding sources for affordable workforce housing efforts through the adoption of this Housing Impact Analysis as an amendment to their 2040 Comprehensive Plan, enabling access to up to 15% of its Accommodation Tax (ATAX) revenue. Access to this new eligible source of funding can help stretch existing sources and leverage additional funding to support new housing programs and complement existing policy efforts.



Sources

- 2018 Bowen Beaufort County Housing Needs Assessment
- 2023 South Carolina Palmetto Housing Study
- 2040 Beaufort County Comprehensive Plan
- 2024 Lowcountry Council of Government, Community Indicators Report
- Beaufort Jasper Counties REALTORS Association
- Biz Journals
- Capital Improvement Plan and Development Impact Fee Study, Tischler Bise Study, 2020
- Hilton Head Island Area Realtors Association
- Island's of Beaufort
- Livewell Terrace Market Study, 2023 T Ronald Brown Research & Analysis
- March 2024 SC State Paper
- May 2023 Bureau of Labor Statistics
- May 2024 Construction Costs
- National Housing Conference
- Redfin 1
- Redfin 2
- South Carolina State Housing Finance
- Today's Homeowner
- US Census Reporter ACS 2022 1-Year estimates
- World Population Review



Appendix

South Carolina General Assembly
125th Session, 2023-2024

A57, R66, S284

STATUS INFORMATION

General Bill

Sponsors: Senators Davis, Turner, Jackson, Scott, Kimpson, Senn, Campsen and Sabb

Companion/Similar bill(s): 4213

Document Path: SR-0145KM23.docx

Introduced in the Senate on January 10, 2023

Introduced in the House on April 4, 2023

Last Amended on May 10, 2023

Currently residing in the Senate

Summary: Development of Workforce Housing

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
12/7/2022	Senate	Prefiled
12/7/2022	Senate	Referred to Committee on Finance
1/10/2023	Senate	Introduced and read first time (Senate Journal-page 178)
1/10/2023	Senate	Referred to Committee on Finance (Senate Journal-page 178)
3/22/2023		Scrivener's error corrected
3/22/2023	Senate	Committee report: Favorable Finance
3/24/2023		Scrivener's error corrected
3/28/2023	Senate	Read second time (Senate Journal-page 75)
3/30/2023	Senate	Amended (Senate Journal-page 13)
3/30/2023	Senate	Read third time and sent to House (Senate Journal-page 13)
3/30/2023	Senate	Roll call Ayes-34 Nays-6 (Senate Journal-page 13)
4/4/2023	House	Introduced and read first time (House Journal-page 9)
4/4/2023	House	Referred to Committee on Ways and Means (House Journal-page 9)
5/4/2023	House	Committee report: Favorable with amendment Ways and Means (House Journal-page 8)
5/9/2023	House	Debate adjourned (House Journal-page 27)
5/10/2023	House	Amended (House Journal-page 85)
5/10/2023	House	Read second time (House Journal-page 85)
5/10/2023	House	Roll call Yeas-80 Nays-29 (House Journal-page 88)
5/11/2023	House	Read third time and returned to Senate with amendments (House Journal-page 17)
5/11/2023	Senate	Concurred in House amendment and enrolled (Senate Journal-page 57)
5/11/2023	Senate	Roll call Ayes-41 Nays-2 (Senate Journal-page 57)
5/17/2023		Ratified R 66
5/19/2023		Signed By Governor
5/26/2023		Effective date 05/19/23
5/26/2023		Act No. 57

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VERSIONS OF THIS BILL

[12/07/2022](#)

[03/22/2023](#)

[03/22/2023-A](#)

[03/24/2023](#)

[03/30/2023](#)

[05/05/2023](#)

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5/26/2023

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[03/24/2023](#)

[03/30/2023](#)

[05/05/2023](#)

[05/10/2023](#)

(A57, R66, S284)

AN ACT TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 6-1-530, RELATING TO USE OF REVENUE FROM LOCAL ACCOMMODATIONS TAX, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH LOCAL ACCOMMODATIONS TAXES MAY BE USED; BY AMENDING SECTION 6-4-10, RELATING TO THE USE OF CERTAIN REVENUE FROM THE ACCOMMODATIONS TAX, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH THE FUNDS MAY BE USED; BY AMENDING SECTION 6-4-15, RELATING TO THE USE OF REVENUES TO FINANCE BONDS, SO AS TO PROVIDE THAT THE DEVELOPMENT OF WORKFORCE HOUSING IS ONE OF THE PURPOSES FOR WHICH BONDS MAY BE ISSUED; BY ADDING SECTION 6-4-12 SO AS TO REQUIRE A LOCAL GOVERNMENT TO PREPARE A HOUSING IMPACT ANALYSIS BEFORE USING SUCH FUNDS FOR WORKFORCE HOUSING; BY AMENDING SECTIONS 6-4-5 AND 6-1-510, RELATING TO DEFINITIONS, SO AS TO ADD CERTAIN DEFINITIONS; BY AMENDING SECTION 6-29-510, RELATING TO LOCAL PLANNING, SO AS TO REQUIRE THE PLANNING COMMISSION MUST SOLICIT INPUT FOR THE ANALYSIS FROM HOMEBUILDERS AND OTHER EXPERTS WHEN DEVELOPING A HOUSING ELEMENT FOR THE LOCAL COMPREHENSIVE PLAN; TO CREATE THE LAND DEVELOPMENT STUDY COMMITTEE TO EXAMINE CURRENT AND PROSPECTIVE METHODS TO PLAN FOR AND MANAGE LAND DEVELOPMENT; AND TO REQUIRE A REPORT DETAILING THE EFFECTS OF THIS ACT ON TOURISM AND WORKFORCE HOUSING.

Be it enacted by the General Assembly of the State of South Carolina:

Local accommodations tax for workforce housing

SECTION 1. Section 6-1-530(A) of the S.C. Code is amended to read:

(A) The revenue generated by the local accommodations tax must be

used exclusively for the following purposes:

(1) tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;

(2) tourism-related cultural, recreational, or historic facilities;

(3) beach access, renourishment, or other tourism-related lands and water access;

(4) highways, roads, streets, and bridges providing access to tourist destinations;

(5) advertisements and promotions related to tourism development;

(6) water and sewer infrastructure to serve tourism-related demand;

or

(7) development of workforce housing, which must include programs to promote home ownership. However, a county or municipality may not expend or dedicate more than fifteen percent of its annual local accommodations tax revenue for the purposes set forth in this item. The provisions of this item are no longer effective after December 31, 2030.

State accommodations tax for workforce housing

SECTION 2. Section 6-4-10(4) of the S.C. Code is amended to read:

(4)(a) The remaining balance plus earned interest received by a municipality or county must be allocated to a special fund and used for tourism-related expenditures. This section does not prohibit a municipality or county from using accommodations tax general fund revenues for tourism-related expenditures.

(b) The funds received by a county or municipality which has a high concentration of tourism activity may be used to provide additional

county and municipal services including, but not limited to, law enforcement, traffic control, public facilities, and highway and street maintenance, as well as the continual promotion of tourism. The funds must not be used as an additional source of revenue to provide services normally provided by the county or municipality but to promote tourism and enlarge its economic benefits through advertising, promotion, and providing those facilities and services which enhance the ability of the county or municipality to attract and provide for tourists.

“Tourism-related expenditures” include:

(i) advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;

(ii) promotion of the arts and cultural events;

(iii) construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities;

(iv) the criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities. This is based on the estimated percentage of costs directly attributed to tourists;

(v) public facilities such as restrooms, dressing rooms, parks, and parking lots;

(vi) tourist shuttle transportation;

(vii) control and repair of waterfront erosion, including beach renourishment;

(viii) operating visitor information centers;

(ix) development of workforce housing, which must include programs to promote home ownership. However, a county or municipality may not expend or dedicate more than fifteen percent of its annual local accommodations tax revenue for the purposes set forth in

this item (4)(b)(ix). The provisions of this item (4)(b)(ix) are no longer effective after December 31, 2030.

(c)(i) Allocations to the special fund must be spent by the municipality or county within two years of receipt. However, the time limit may be extended upon the recommendation of the local governing body of the county or municipality and approval of the oversight committee established pursuant to Section 6-4-35. An extension must include provisions that funds be committed for a specific project or program.

(ii) Notwithstanding the provisions of subsubitem (i), upon a two-thirds affirmative vote of the membership of the appropriate local governing body, a county or municipality may carry forward unexpended allocations to the special fund beyond two years provided that the county or municipality commits use of the funds exclusively to the control and repair of waterfront erosion, including beach renourishment or development of workforce housing, which must include programs to promote home ownership. The county or municipality annually shall notify the oversight committee, established pursuant to Section 6-4-35, of the basic activity of the committed funds, including beginning balance, deposits, expenditures, and ending balance.

(d) In the expenditure of these funds, counties and municipalities are required to promote tourism and make tourism-related expenditures primarily in the geographical areas of the county or municipality in which the proceeds of the tax are collected where it is practical.

Bonds for workforce housing

SECTION 3. Section 6-4-15 of the S.C. Code is amended to read:

Section 6-4-15. A municipality or county may issue bonds, enter into other financial obligations, or create reserves to secure obligations to finance all or a portion of the cost of constructing facilities, all of which must fulfill the purpose of this chapter, for civic activities, the arts, cultural events, or workforce housing that includes programs to promote home ownership. The annual debt service of indebtedness incurred to finance the facilities or lease payments for the use of the facilities may be provided from the funds received by a municipality or county from the accommodations tax in an amount not to exceed the amount received by the municipality or county after deduction of the accommodations tax funds dedicated to the general fund and the advertising and promotion fund. However, none of the revenue received by a municipality or county from the accommodations tax may be used to retire outstanding bonded indebtedness unless accommodations tax revenue was obligated for that purpose when the debt was incurred.

Housing impact analysis

SECTION 4. Chapter 4, Title 6 of the S.C. Code is amended by adding:

Section 6-4-12. (A) If a local government intends to use the funds for the development of workforce housing, then the local government shall prepare a housing impact analysis prior to giving second reading to the ordinance.

(B) The analysis required by subsection (A) must include:

(1) information about the effect of the ordinance on housing, including the effect of the ordinance on each of the following:

(a) the cost of developing, construction, rehabilitating, improving, maintaining, or owning single-family or multifamily

dwellings;

(b) the purchase price of new homes or the fair market value of existing homes;

(c) the cost and availability of financing to purchase or develop housing;

(d) housing costs; and

(e) the density, location, setback, size, or height development on a lot, parcel, land division, or subdivision; and

(2) an analysis of the relative impact of the ordinance on low- and moderate-income households.

(C) The following applies to information on housing costs required to be included in the analysis conducted pursuant to subsection (B)(1)(d):

(1) the analysis must include reasonable estimates of the effect of the ordinance on housing costs, expressed in dollar amounts. The local government shall include a brief summary of, or worksheet demonstrating, the computations used in determining the dollar amounts. However, if the local government determines that it is not possible to make an estimate expressed in dollar amounts, then the analysis must include a statement setting forth the reasons for the local government's determination; and

(2) the analysis must include descriptions of both the immediate effect and, to the extent ascertainable, the long-term effect of the ordinance on housing costs.

(D) Except as otherwise provided in this section, a housing impact analysis required pursuant to this section must be based on costs associated with the development, construction, financing, purchasing, sale, ownership, or availability of a median-priced single-family residence. However, the analysis may include estimates for larger developments as part of an analysis of the long-term effects of the

ordinance.

(E) A local government may request information from any state agencies, local units of government, universities or colleges, organizations, or individuals as necessary to prepare a housing impact analysis pursuant to this section.

(F) The local government shall provide the housing impact analysis for an ordinance to the members of the legislative body of the local government, the Department of Revenue, and the Tourism Expenditure Revenue Committee before the ordinance is considered by the legislative body. The Department of Revenue may not disburse any accommodations taxes to the local government for purposes of development of workforce housing unless and until the local government has provided the housing impact analysis to the parties required pursuant to this subsection.

Definitions

SECTION 5. Section 6-4-5 of the S.C. Code is amended to read:

Section 6-4-5. As used in this chapter:

(1) "County area" means a county and municipalities within the geographical boundaries of the county.

(2) "Cultural", as it applies to members of advisory committees in Section 6-4-25, means persons actively involved and familiar with the cultural community of the area including, but not limited to, the arts, historical preservation, museums, and festivals.

(3) "Hospitality", as it applies to members of the committees in item (2), means persons directly involved in the service segment of the travel and tourism industry including, but not limited to, businesses that

primarily serve visitors such as lodging facilities, restaurants, attractions, recreational amenities, transportation facilities and services, and travel information and promotion entities.

(4) “Travel” and “tourism” mean the action and activities of people taking trips outside their home communities for any purpose, except daily commuting to and from work.

(5) “Housing costs” for housing occupied by the owner means:

(a) the principal and interest on a mortgage loan that finances the purchase of the housing;

(b) the closing costs and other costs associated with a mortgage loan;

(c) mortgage insurance;

(d) property insurance;

(e) utility-related costs;

(f) property taxes; and

(g) if the housing is owned and occupied by members of a cooperative or an unincorporated cooperative association, fees paid to a person for managing the housing.

(6) “Housing costs” for rented housing means:

(a) rent; and

(b) utility-related costs, if not included in the rent.

(7) “Ordinance” means an ordinance adopted pursuant to Section 6-29-530.

(8) “Utility-related costs” means costs related to power, heat, gas, light, water, and sewage.

(9) “Workforce housing” means residential housing for rent or sale that is appropriately priced for rent or sale to a person or family whose income falls within thirty percent and one hundred twenty percent of the median income for the local area, with adjustments for household size,

according to the latest figures available from the United States Department of Housing and Urban Development (HUD).

Definition

SECTION 6. Section 6-1-510 of the S.C. Code is amended by adding:

(4) “Workforce housing” means residential housing for rent or sale that is reasonably and appropriately priced for rent or sale to a person or family whose income falls within thirty percent and one hundred twenty percent of the median income for the local area, with adjustments for household size, according to the latest figures available from the United States Department of Housing and Urban Development (HUD).

Local comprehensive plan

SECTION 7. Section 6-29-510(D)(6) of the S.C. Code is amended to read:

(6) a housing element which considers location, types, age, and condition of housing, owner and renter occupancy, and affordability of housing. This element includes an analysis to ascertain nonessential housing regulatory requirements, as defined in this chapter, that add to the cost of developing affordable housing but are not necessary to protect the public health, safety, or welfare and an analysis of market-based incentives that may be made available to encourage development of affordable housing, which incentives may include density bonuses, design flexibility, and streamlined permitting processes. The planning commission must solicit input for this analysis from homebuilders,

developers, contractors, and housing finance experts when developing this element;

Land Development Study Committee

SECTION 8. (A) There is created the Land Development Study Committee to examine current and prospective methods to plan for and manage land development in South Carolina.

(B) The study committee must be comprised of three members of the Senate appointed by the President of the Senate and three members of the House of Representatives appointed by the Speaker of the House. Staff from the Senate and House of Representatives shall assist the study committee.

(C) The members of the study committee shall seek assistance from governmental agencies including the South Carolina Building Codes Council, the South Carolina Housing Authority, and the South Carolina Department of Agriculture, and from members of the private sector including, but not limited to, the Homebuilders Association of South Carolina, Habitat for Humanity South Carolina, the Realtors Association of South Carolina, the Municipal Association of South Carolina, the South Carolina Association of Counties, South Carolina Land Trust, Conservation Voters of South Carolina, the South Carolina Chapter of the American Planning Association, and the Manufactured Housing Institute of South Carolina.

(D) The study committee shall provide a report to the General Assembly by December 31, 2023, at which time the study committee shall dissolve.

Report

SECTION 9. Before the beginning of the 2030 Legislative Session, the Director of the Department of Parks, Recreation and Tourism, in consultation with the Secretary of Commerce and the Commissioner of Agriculture, shall issue a report to the General Assembly detailing the effects on tourism and workforce housing resulting from the codified provisions of this act.

Time effective

SECTION 10. This act takes effect upon approval by the Governor.

Ratified the 17th day of May, 2023.

Approved the 19th day of May, 2023.
