

**ORDINANCE NO. 2024 – \_\_\_\_\_**

**TOWN OF BLUFFTON, SOUTH CAROLINA**

**AN ORDINANCE TO APPROVE THE ADOPTION OF AN AMENDMENT TO THE TOWN OF BLUFFTON COMPREHENSIVE PLAN ("BLUEPRINT BLUFFTON") TO INCORPORATE A HOUSING IMPACT ANALYSIS PURSUANT TO THE SOUTH CAROLINA LOCAL GOVERNMENT COMPREHENSIVE PLAN ENABLING ACT OF 1994, AS AMENDED**

**WHEREAS**, pursuant to § 6-29-520(B) of the South Carolina Code of Ordinances 1976, as amended, the South Carolina Local Government Comprehensive Planning Enabling Act of 1994 ("Act") requires an update to the Town of Bluffton Comprehensive Plan and all required elements every ten years; and

**WHEREAS**, the Town of Bluffton Town Council adopted a comprehensive plan for the Town on September 4, 2007, followed by updates on December 9, 2014 and November 8, 2022; and

**WHEREAS**, a Comprehensive Plan is a long-range policy document to guide the Town's future development, decision-making and allocation of resources relative to ten required elements as required by the Act, including Housing; and

**WHEREAS**, the provision of Affordable and Workforce Housing is also one of seven strategic focus areas the Town of Bluffton has identified as a priority within its Strategic Focus Plan for fiscal years 2023-2024; and

**WHEREAS**, on May 13, 2023, the Governor of South Carolina ratified Act 57, allowing local governments to utilize up to 15% of their local and state collected Accommodations Tax (ATAX) revenue to support workforce housing efforts; and

**WHEREAS**, S.C. Code Ann. § 6-4-5 (Supp. 2023) and S.C. Code Ann. § 6-4-12 (Supp. 2023) require the completion of a Housing Impact Analysis to obtain ATAX funding, which must be adopted as an amendment to the Housing Element of the local government's approved Comprehensive Plan; and

**WHEREAS**, S.C. Code Ann. § 6-4-12(F)(Supp. 2023) requires that local governments provide the Housing Impact Analysis to the South Carolina Department of Revenue and the Tourism Expenditure Revenue Committee to receive funding prior the ordinance is considered by the legislative body; and

**WHEREAS**, the Housing Impact Analysis was sent to the Department of Revenue and Tourism Expenditure Review Committee on May 29, 2024; and

**WHEREAS**, on April 24, 2024, the Planning Commission conducted a Public Workshop to consider the Housing Impact Analysis as an amendment to the Town's Comprehensive Plan Housing Element; and

**WHEREAS**, on May 22, 2024, the Planning Commission conducted a Public Hearing to consider the Housing Impact Analysis as an amendment to the Town’s Comprehensive Plan Housing Element, and by a unanimous vote recommended for approval to Town Council; and

**WHEREAS**, on [DATE TBD], 2024, Bluffton Town Council conducted a Public Hearing to consider the Housing Impact Analysis as an amendment to the Town’s Comprehensive Plan Housing Element; and

**WHEREAS**, Town Council finds that it is in the best interest of the Town and its citizens and residents to adopt the Housing Impact Analysis as an amendment to the Housing Element of the Town of Bluffton’s Comprehensive Plan (“Blueprint Bluffton”);

**WHEREAS**, after publication of public notice in the *Island Packet* on [DATE TBD], 2024, in accordance with § 6-29-520 of the Act, the Town of Bluffton Town Council approved the Housing Impact Analysis attached hereto as Exhibit A;

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BLUFFTON, SOUTH CAROLINA**, the 2022 Town of Bluffton Comprehensive Plan (*Blueprint Bluffton*), is amended to include a Housing Impact Analysis (attached hereto as Exhibit “A”) to comply with the requirements of the South Carolina Local Government Comprehensive Planning Enabling Act of 1994, as amended, and in accordance with § 6-29-520 of the Act.

**THIS ENTIRE ORDINANCE SHALL TAKE FULL FORCE AND EFFECT UPON ADOPTION.**

DONE, RATIFIED AND ENACTED this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

This Ordinance was read and passed at first reading on this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

---

Larry C. Toomer, Mayor  
Town of Bluffton, South Carolina

---

Marcia Hunter, Town Clerk  
Town of Bluffton, South Carolina

A public hearing was held on this Ordinance on this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

---

Larry C. Toomer, Mayor  
Town of Bluffton, South Carolina

---

Marcia Hunter, Town Clerk  
Town of Bluffton, South Carolina



THE TOWN OF BLUFFTON

# HOUSING IMPACT ANALYSIS

ADOPTED [DATE TBD]

ATTACHMENT 2





# TABLE OF CONTENTS

EXECUTIVE SUMMARY | 4

INTRODUCTION | 7

BACKGROUND | 10

EMPLOYMENT ANALYSIS | 13

HOUSING MARKET ANALYSIS | 16

HOUSING MARKET CONDITIONS | 19

CONSTRUCTION & DEVELOPMENT COSTS | 30

SOLVING THE TOWN'S HOUSING CRISIS | 38

SOURCES | 39





# ACKNOWLEDGEMENTS

The Town of Bluffton would like to thank the Town of Hilton Head Island and its staff for being the first jurisdiction in Beaufort County to pursue a Housing Impact Analysis. Given similarities between the two communities, data collected by the Town of Hilton Head Island provided a solid and invaluable foundation for the creation of the Town of Bluffton's own analysis. The Town of Bluffton would also like to thank the following organizations and individuals:

## Local Organizations and Individuals:

- Hilton Head Island Area REALTORS
- Jean Beck, CEO, Hilton Head Island Area REALTORS
- Hilton Head Island Area Home Builder Associations (HHAHBA)
- Meg James, Former Executive Director, HHAHAB
- Local Developers and Homebuilders
- Lowcountry Council of Governments

## Town of Bluffton Staff:

- Stephen Steese, Town Manager
- Heather Colin, Assistant Town Manager, Planning & Policy
- Chris Forster, Assistant Town Manager
- Kevin Icard, Director of Growth Management
- Charlotte Moore, Principal Planner
- Victoria Smalls, Workforce and Affordable Housing Manager

## Town of Bluffton Council:

- Larry C. Toomer, Mayor
- Dan Wood, Mayor Pro-Tem
- Bridgette Frazier
- Fred Hamilton
- Emily Vaux Burden
- With Assistance from:  
Lisa Sulka, Mayor (2004-2024)



*Format based on a design created by Virginia Howat for the Town of Hilton Head Island.*





# EXECUTIVE SUMMARY

## Housing Impact Analysis



# EXECUTIVE SUMMARY

---

In November 2022, the Town of Bluffton Town Council adopted the Town of Bluffton Comprehensive Plan, *Blueprint Bluffton*. The Comprehensive Plan provides actionable strategies for the Town of Bluffton to pursue over a 10-year period, which includes housing preservation and the production of workforce housing. The Town's Fiscal Year 2025-2026 Strategic Plan also includes actionable items, such as partnering with developers to construct workforce housing on Town-owned properties, incentivizing private sector partners to develop housing options within existing communities governed by development agreements, and continuing to support the Town's Neighborhood Assistance Program.

Most recently, the Town provided \$1.7M in the FY2023-24 budget to support the construction of 12 townhome dwellings for qualified workforce households at 1095 May River Road ("The May"). Also, within the same fiscal year, the Town has provided nearly \$259,000 to support its Neighborhood Assistance Program to ensure that income-qualifying homeowners can obtain maintenance and repairs they would not otherwise be able to afford. The demand is so great that the Town must wait until the new fiscal year to process applications as all non-emergency funds have been expended.

The need for assistance is much greater than the Town can presently provide, which is why other funding sources are critical. Led by State Senator Tom Davis, the passage of Senate Bill "S284 Development of Workforce Housing" (Act 57) will enable the Town of Bluffton to access a new funding source to support the Town's Neighborhood Assistance Program and Community Development objectives. The passage of Act 57 enables local governments to use up to 15% of their Accommodations Tax (ATAX) revenue to support local workforce housing projects and programs, which could be as much as \$152,941 in new funding annually for the Town of Bluffton. The program has a sunset date of December 31, 2030.

To designate any percentage of ATAX funds for workforce housing, the local government must prepare a Housing Impact Analysis (HIA) and provide it to the South Carolina Tourism Expenditure Review Committee (TERC),



Department of Revenue and the members of the local government's legislative body (Town Council) for review prior to the second reading of the ordinance designating ATAX for the purposes of workforce housing. The Housing Impact Analysis must be developed along with the local government's comprehensive plan or be included as an amendment to a previously adopted comprehensive plan. This proposal will be an amendment to the Town's Comprehensive Plan.

To designate any percentage of ATAX funds for workforce housing, the local government must prepare a Housing Impact Analysis (HIA) and provide it to the South Carolina Tourism Expenditure Review Committee (TERC), Department of Revenue and the members of the local government's legislative body (Town Council) for review prior to the second reading of the ordinance designating ATAX for the purposes of workforce housing. The Housing Impact Analysis must be developed along with the local government's comprehensive plan or be included as an amendment to a previously adopted comprehensive plan. This proposal will be an amendment to the Town's Comprehensive Plan.

The urgent need for workforce housing is a focus for the Town, as well as for area employers, but high costs, among other things, make it a challenge to develop. The availability of ATAX as a new funding source for workforce housing can assist both existing and future residents and is in alignment with the Town's FY2025-2026 Strategic Plan. This Housing Impact Analysis addresses the requirements of Act 57, which includes:

- Current housing and employment trends in Bluffton;
- Local analysis of housing and development costs;
- Market-rate housing prices;
- Cost of available financing to purchase or develop housing;
- Local determination of need for workforce housing including income and housing disparities; and,
- ATAX revenue impacts on short-and long-term housing costs.





# INTRODUCTION

## Housing Impact Analysis

ATTACHMENT 2



# INTRODUCTION



The Bluffton community is an economic engine not only for Beaufort County, but for the broader region as well, especially in the last 20 years. Both residents and workers need businesses that offer goods and services to sustain the community; however, the lack of economic diversity leads many residents to shop and seek employment in surrounding communities, such as Hilton Head Island, Savannah, and Burton. Retail and service workers are sourced from the region, including Colleton County and Chatham County (Georgia). An astounding eighty-three (83%) percent of the Town's workers live outside Bluffton. Residents who live in Bluffton primarily have white collar jobs, which are generally defined as people working in an office performing professional, managerial, or administrative work. Nearly 60% of Bluffton residents work in white collar positions, compared to 19% who are blue collar (more labor-intensive workers) and 23% in service-sector positions. A lack of workforce housing is an impediment to recruiting and retaining both private-sector and public-sector employees to meet the community's workforce demands.

There is a real risk that a lack of workers will lead to a decline in services and overall quality of life in the region. Population shifts over the last 20 years show a significant increase in residents moving to the surrounding communities (see below chart). The median age in Bluffton is 41, which is five (5) years younger than Beaufort County (46), but older than South Carolina and the United States (38). In 2010, the median age for Bluffton was 30.8 years. Compared to the region, Bluffton has a relatively younger population but has experienced gains in residents who are retirement or close-to-retirement age. The number of residents over 65 years old increased four-fold, from 5% of the overall population to nearly 20%, pushing up the median age. More affluent residents increase housing costs.

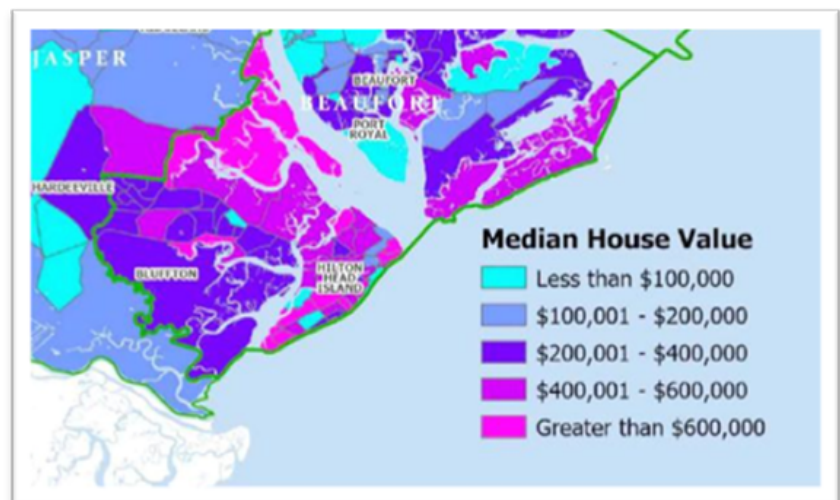
	Census 2000	Census 2010	Census 2020	Estimates 2021	Percent Change 2000-2010	Percent Change 2010-2020
Beaufort County	120,937	162,233	187,117	186,007	34.1%	15.3%
City of Beaufort	12,950	12,361	13,607	12,899	-4.5%	10.1%
Town of Bluffton	1,275	12,978	27,716	27,596	917.9%	113.6%
Town of Hilton Head Island	33,862	37,099	37,661	38,068	9.6%	1.5%
Town of Port Royal	3,950	10,678	14,220	12,734	170.3%	33.2%



The Town of Bluffton is facing a growing challenge to ensure there is a sufficient supply of workforce housing to support its residents and those who want to live in Bluffton to be closer to their employment. Employers experiencing difficulties recruiting and retaining workers for employment. Working individuals and families are increasingly being priced out of the community and must commute longer distances. The lack of affordable housing impacts everyone in the community, not just those in need of income-appropriate housing.

The ability to attract needed private and public-sector workers partly depends on their ability to afford housing near their jobs. The growth of employment centers in other parts of Beaufort County and the surrounding counties means that Bluffton employers may have a more difficult time finding workers as there are more employment options in adjacent counties, closer to communities where housing is more affordable, and commutes are shorter. Without an intentional effort to expand workforce housing options in Bluffton, both the economic sustainability and quality of life may be at risk. As shown in the map below from the Lowcountry Council of Governments, *2022 People and the Economy Report*, median home values are almost double in the Bluffton area versus neighboring communities such as Hardeeville, Port Royal and Ridgeland.

The preservation of existing housing and development of diverse housing options at varying price points are critical to ensure that Bluffton can house the workforce it needs to sustain its future. In past few years, Town



Council and its leadership team have consistently indicated this goal as a top strategic priority in both the Town's Strategic Plan and its Neighborhood Assistance Program, the latter of which helps income-qualifying residents with a variety of home and property maintenance issues.

# BACKGROUND

A night photograph of a body of water, possibly a bay or a large lake. In the foreground, there is a wooden pier or dock structure on the left side. The water is calm, reflecting the lights from the city in the distance. The city skyline is visible across the water, with various lights and buildings. The sky is dark with many stars visible. The overall scene is peaceful and scenic.

## Housing Impact Analysis





In 2010, Bluffton Town Council adopted a Resolution establishing the Affordable Housing Committee to advise the Council on the Affordable Housing–Workforce Housing Program and the Neighborhood Assistance Program. Information on each program follows:

## **Workforce Housing Program**

The Town of Bluffton has established the Workforce Homeownership Program to encourage the construction of owner-occupied workforce/affordable housing. The goals of this program are:

- To create a livable, sustainable community with enhanced quality of life;
- To expand access to quality, affordable housing options for infill development and redevelopment that preserve the Town’s culture, character, and history;
- To improve the quality of existing housing stock by offering options for poor quality housing;
- To increase affordable workforce housing within the Town of Bluffton;
- To increase homeownership opportunities for low and moderate-income families; and,
- To increase opportunities for homeowners to build wealth through equity by offering options to replace manufactured homes with permanent modular constructed homes.

## **Neighborhood Assistance Program**

The Town of Bluffton established the Neighborhood Assistance Program to assist low and moderate-income residents of Bluffton with property repairs and improvements. To qualify for assistance, applicants must have a household income that does not exceed 60% of the Area Median Income (AMI). For example, a gross income of no more than \$60,540 for a family of four would qualify for this program.

Other Town efforts include the following:

On May 10, 2016, Town Council adopted amendments to the Town’s Unified Development Ordinance Article 6, Sustainable Development Incentives, to add general and specific



standards applicable to incentivized workforce and/or affordable housing, including density bonuses and application/permit fee reductions.

On November 8, 2022, Town Council authorized the Town Manager to enter into an intergovernmental agreement with Beaufort and Jasper counties, the Towns of Hilton Head Island, Port Royal and Yemassee, as well as the Cities of Hardeeville and Beaufort to contribute funding to establish the regional Beaufort Jasper Housing Trust.

In 2022, the Town began negotiations with a private developer, State of Mind Partners, LLC, to develop housing on Town-owned property at 1095 May River Road. This project consists of 12 townhome units and will be priced for mixed incomes. The units will be designated 60, 80, and 100 below AMI levels of income. Development will begin in Spring, 2024.

During the 2022 Comprehensive Plan update, the reoccurring theme from the focus groups, citizens, staff and Town Council was the need for affordable housing options and the availability of housing catered to people of different ages, family structures and needs. Conversations with the community raised concern with affordability in Bluffton. Residents voiced their concerns over rising costs and sought for the Town to take a more proactive role in enabling a more diverse and affordable housing stock. Two quotes summarized the issue: "I would like my children to live here as they enter adulthood" and "I would like to downsize and stay in Bluffton, but it's a challenge to find this opportunity here." Affordability is not just a Bluffton issue. Leadership across the region must work with their counterparts across jurisdictional boundaries to assist each other.

# EMPLOYMENT ANALYSIS



The Lowcountry Council of Governments, *2022 People and the Economy Report* indicated Beaufort County as one of the top tourist destinations in South Carolina. While this is an enviable position economically, a lack of income appropriate housing and options makes it difficult for employers to recruit and retain workers for tourism-related jobs.

As reflected in the below table, expenditures by visitors increased yearly from 2017 thru 2019, then declined in 2020 due to the COVID-19 pandemic. Visitors have returned to the area, but the workforce to serve them is not adequate, in part, due to rising housing costs. Beaufort County is considered one of the top tourism destinations in the state, having the greatest amount of visitor spending and the largest tourism-generated jobs. Neighboring Colleton County ranks second for tourism expenditures and payrolls due in part to Ashley, Cooper, Edisto (ACE) Basin as eco-tourism destination, as well as several Interstate 95 interchanges.

*Table 17: Economic Impact of Visitors 2017-2020*

	2017	2018	2019	2020	Percent Change 2017-2020
Beaufort County					
Tourism Employment	14,170	14,590	15,280	14,620	5.6%
Payroll from Tourism	\$261,570,000	\$270,780,000	\$294,880,000	\$307,230,000	23.1%
Expenditures by Visitors	\$1,374,800,000	\$1,433,990,000	\$1,539,740,000	\$1,379,800,000	5.8%



# EMPLOYMENT ANALYSIS

## CONTINUED

Despite a robust tourism economy in the region, the increased cost of housing impacts the ability of area employers to recruit and retain workers within *all* employment sectors, not just tourism. Although many employers pay above median wages (over \$15/hour), employees continue to be cost-burdened as they balance other household expenses with rapidly accelerating housing costs. Housing affordability is determined by the percentage of an individual's gross pay that is absorbed by housing costs. An "affordable" unit should cost no more than 30% of that individual's or family's total income. Households are considered "cost burdened" when housing costs exceed this figure, and "extremely cost burdened" if spending over 50% of total household income on housing.

There is already evidence of the workforce housing impact. Some local restaurant owners have adjusted their hours of operation because they of a lack of staffing. Healthcare providers are having difficulty retaining key employees, like nurses and technicians. Landscaping companies struggle to find enough people to mow lawns, trim trees and install and maintain landscaping. The public school system faces challenges with teacher recruitment and turnover. Employers consider housing availability and affordability in the region as essential for attracting and keeping qualified workers. Beaufort Memorial offers homebuyer and refinancing assistance to its employees within a 15-mile radius of work.

The ability to live close to work is increasingly difficult as wages are not keeping pace with increased housing costs. As much as eighty-three (83%) percent of Bluffton's workers live outside of town limits, and some commute from outside of Beaufort County. In 2019, 17% of workers commuted more than 50 miles one-way to access jobs in Bluffton. This share increased 41% from 2002. This increase in commuting time is related to compensation and cost-of living in the Town. Workers in Bluffton earn less than residents on average and are finding more affordable housing in communities around the region. As employment increases in the region, however, competition for labor is also intensifying.

# EMPLOYMENT ANALYSIS

CONTINUED



Bluffton hosts close to 13,000 jobs, covering a diverse range of industries. Education and healthcare make up the largest share of the local economy serving the local and regional population. Jobs in finance, real estate and professional services are also commonly represented in the community. Together these employment sectors comprise nearly one-half of the jobs in Bluffton. The community's coastal location and proximity to Hilton Head Island also generates robust employment in accommodations, food services and entertainment.

Residents who live in Bluffton primarily have white collar jobs, which are generally defined as a person working in an office performing professional, managerial, or administrative work. Nearly 60% of Bluffton residents work in white collar positions, compared to 19% who are blue collar (more labor-intensive workers) and 23% in service-sector positions. Slightly more than 20% of Bluffton's jobs are in finance, real estate and professional services, which align with white-collar workers. This indicates that many residents of Bluffton are likely traveling outside of the community for work. Based on commuting pattern data from 2019, nearly as many people travel to Bluffton for work as those who are leaving to access jobs in other areas. The most common destinations for Bluffton residents to commute for work are Hilton Head Island, Savannah, and Burton. Commuting patterns, as demonstrated in Bluffton, often indicate a mismatch between the jobs that are offered in a community and the skills and education levels of the residents.

## Employment Overview

Source: ESRI Business Analyst (2021)



58%

White Collar



19%

Blue Collar

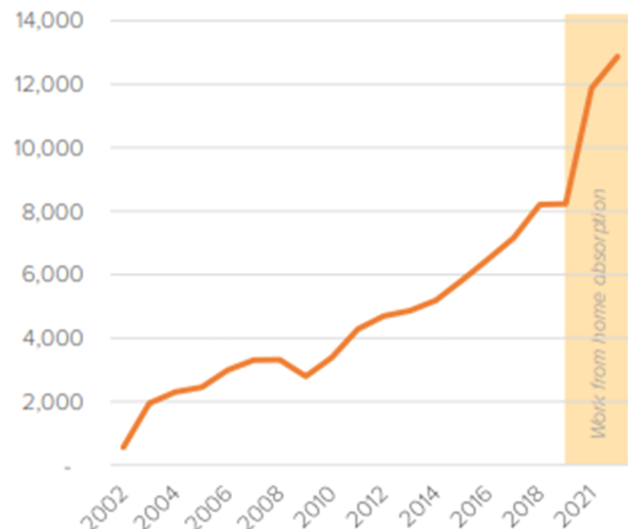


23%

Services

## Employment Totals

Source: LEHD Origin-Destination Employment, US Census

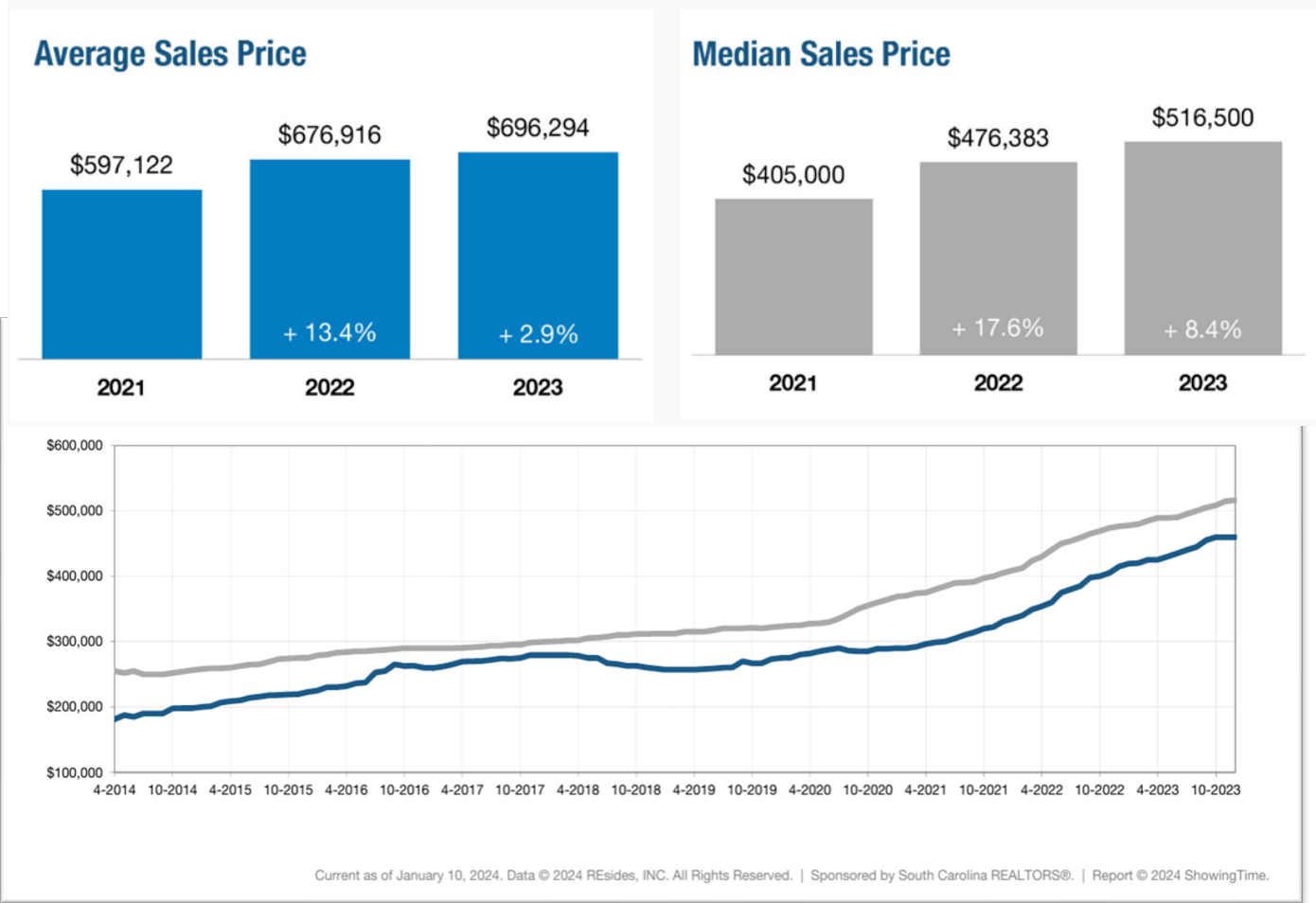


# HOUSING MARKET ANALYSIS



The 2023 National Low Income Housing Coalition’s Out of Reach Data provides the hourly wage necessary to afford a market rate rental unit by zip code. For the 29910 zip code, the greater Bluffton area, the hourly rate for a position in the Accommodations and Food Preparation sector for the region was \$13.32. However, an employee must have earned at least \$28.85 to afford a one-bedroom apartment in Bluffton. Based on this analysis, within all major employment sectors, employees in the region would be “Cost Burdened”.

The Hilton Head/Bluffton 2024 Annual Market Analysis indicated a significant increase in housing costs for homeowners of both single family attached and detached housing types in the area since 2021, and an even greater increase over the last five months of 2023. The following charts show these increases. From 2021 to 2022 the overall median sales price increased 17.6 percent to \$476,383 for the year, and from 2022 to 2023 there was an increase of 8.4 percent to \$516,000.



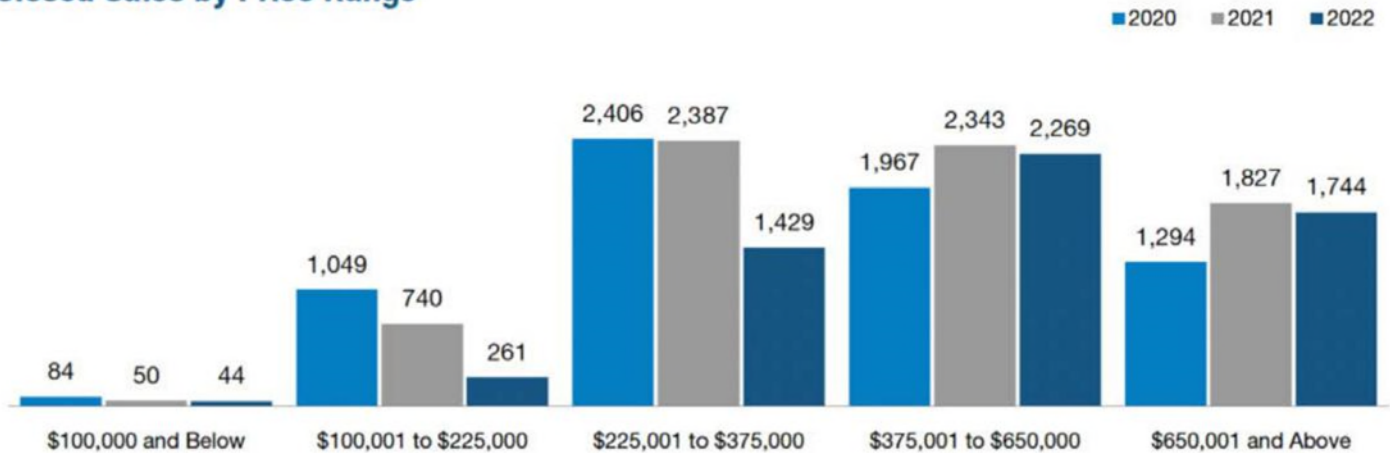


# HOUSING MARKET ANALYSIS



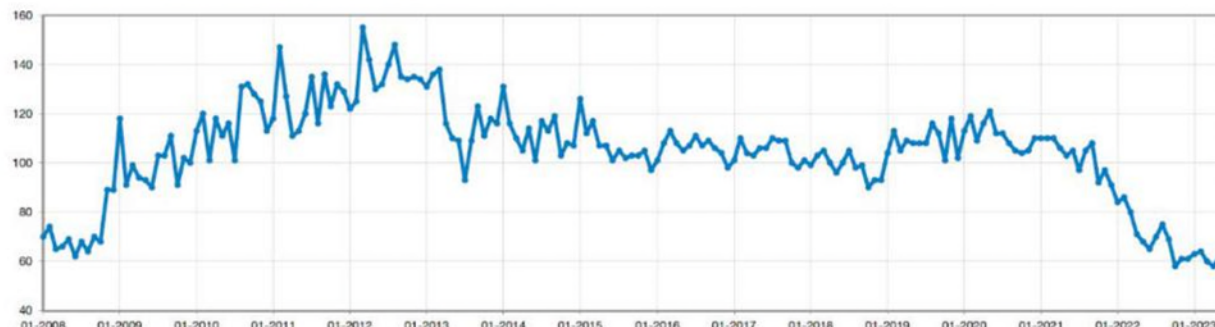
In addition, the number of housing units selling below \$225,000 has declined significantly over the last few years showing a huge loss in affordable inventory. See below chart.

**Closed Sales by Price Range**



Data from May 2023 indicates historical housing affordability continues to decline significantly. The chart below shows a continual trend as housing becomes less affordable based on average incomes. The lower the number, the less affordable the community. Homeownership is less attainable for potential buyers as average 30-year home-mortgage rates in the U.S. have risen from 3 percent in 2021 to over 7 percent in 2023. Those latest price and interest rate hikes, along with other forces, continue to push the typical cost of major ownership expenses up far faster than wages, resulting in declining home affordability.

**Historical Housing Affordability Index by Month**



# HOUSING MARKET ANALYSIS

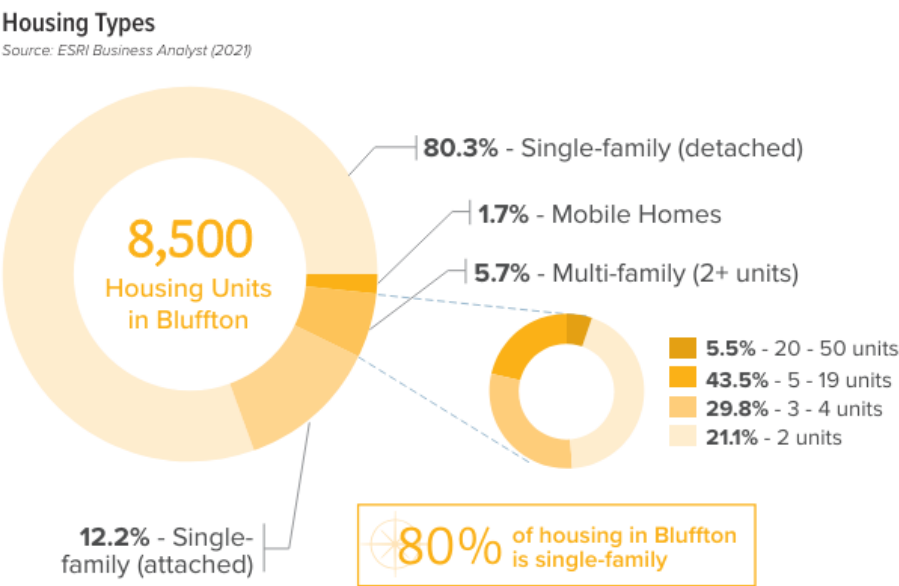
CONTINUED



## RENTAL MARKET DATA:

Current trends are unsustainable to meet the growing demands for workforce housing in the region. With increased costs in construction, labor, materials, insurance and interest rates, affordability of housing will play a huge role in the future population and workforce if the Town does not address these growing needs.

Median monthly rent in 2020 in Bluffton was estimated at \$1,747, higher than \$1,030 for Beaufort County and \$688 per month for the State of South Carolina. Nearly one-half of all rental units were built in the last five years. Representing only 5.7% of the Town’s housing stock, multi-family residential rental vacancy rates in Bluffton are exceptionally low, estimated at 0.3%. At the time of preparation of the Comprehensive Plan, only nine apartment units were available in all of Bluffton. This extremely tight rental market does not allow for inter- or intra-market moves, further restricting residential options.





# HOUSING MARKET CONDITIONS



## Housing Impact Analysis

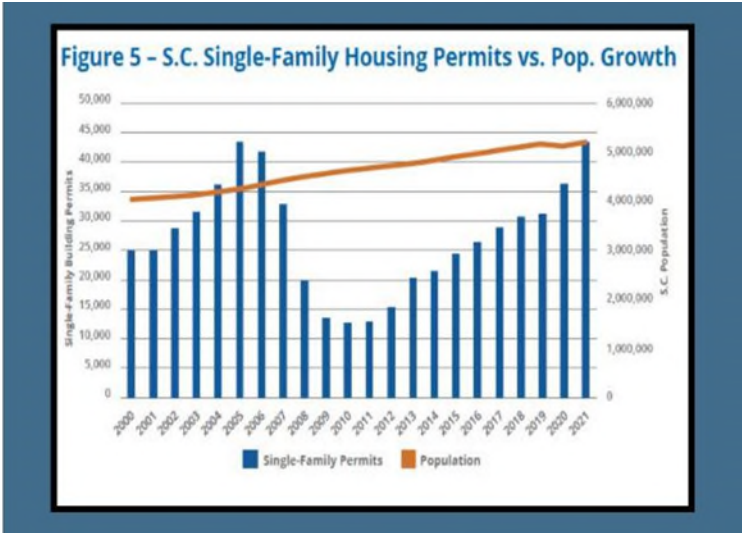
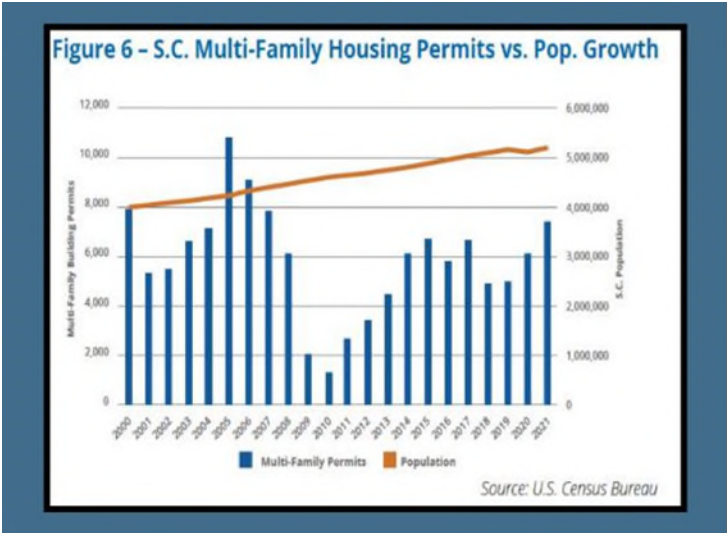




## Factors in Housing Market Cost:

Although South Carolina continues to have strong population growth, home building has not kept up with this growth. **The 2023 Palmetto State Housing Study** published by SC State Housing indicates 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% nationally), yet the average annual growth rate in the number of new housing permits in South Carolina dropped by nearly a half after the Great Recession of 2008. The decline includes both single and multi-family housing, therefore 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 State Housing 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.**



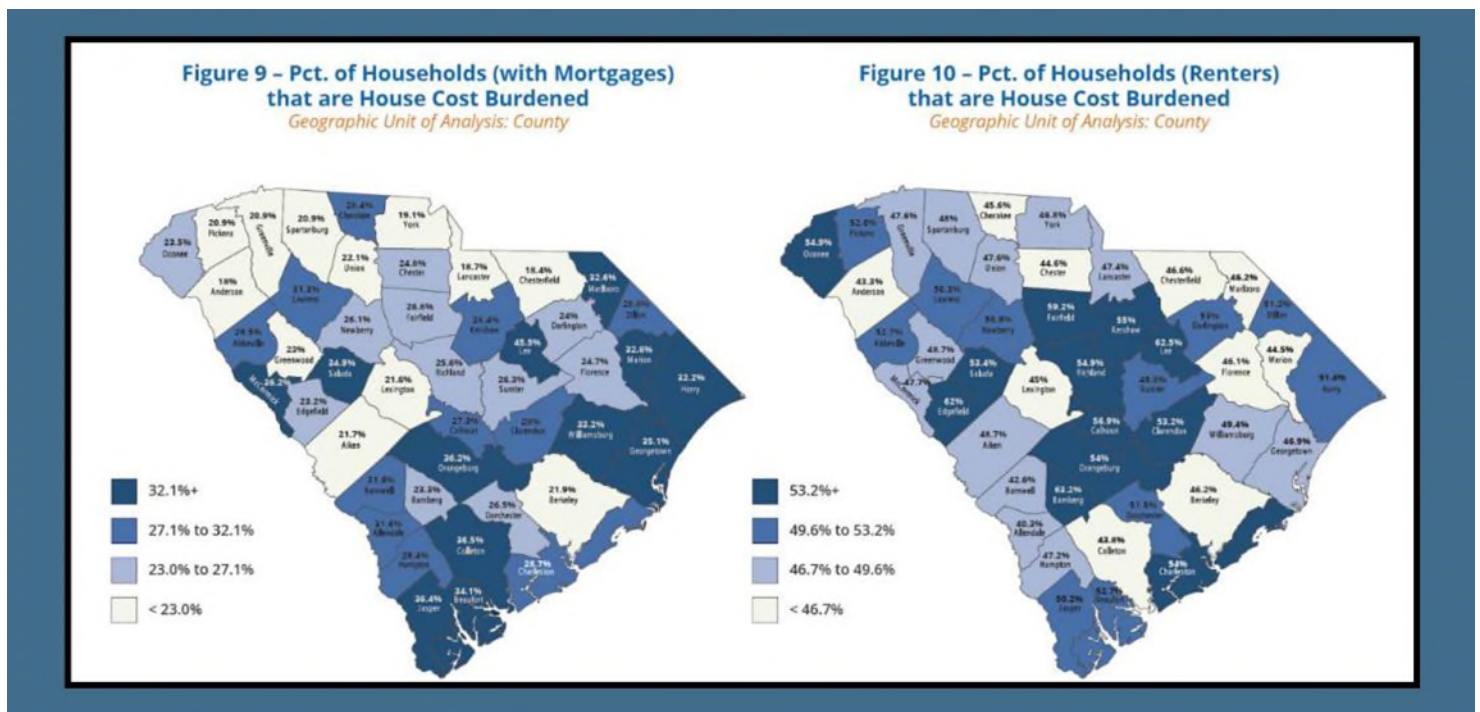
# HOUSING MARKET CONDITIONS



The 2023 Palmetto State Housing Study 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 shown in the below graphics.

Housing affordability is usually measured by examining the extent to which families are housing cost burdened. **The U.S. Department of Housing and Urban Development (HUD) defines a cost burdened household as one that pays more than 30 percent of its income for housing.**

**By this measure, 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 MARKET CONDITIONS

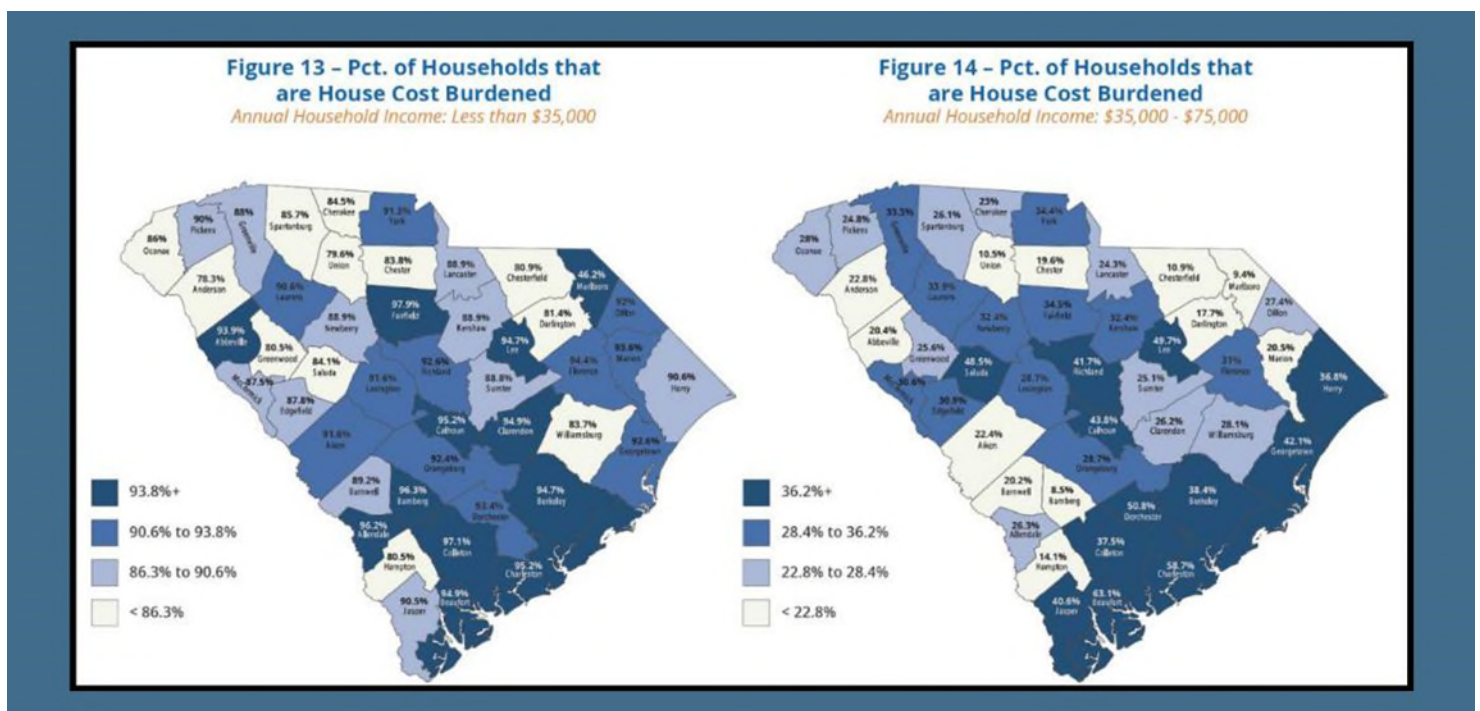
CONTINUED



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 State Housing Study.

**However, there is also a significant population base of middle-income households in South Carolina 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 of this segment of the population is especially high in coastal South Carolina as shown in Figures 13 and 14. The data demonstrates that while housing affordability is nearly a universal challenge for lower-income households, it is also a significant strain on working-class families. **Policies directed at improving housing affordability should also include attainable housing programs and new inventory for middle-income families.** Individuals in these households are often employed as teachers, first responders, and health care support workers.





# HOUSING MARKET CONDITIONS

CONTINUED



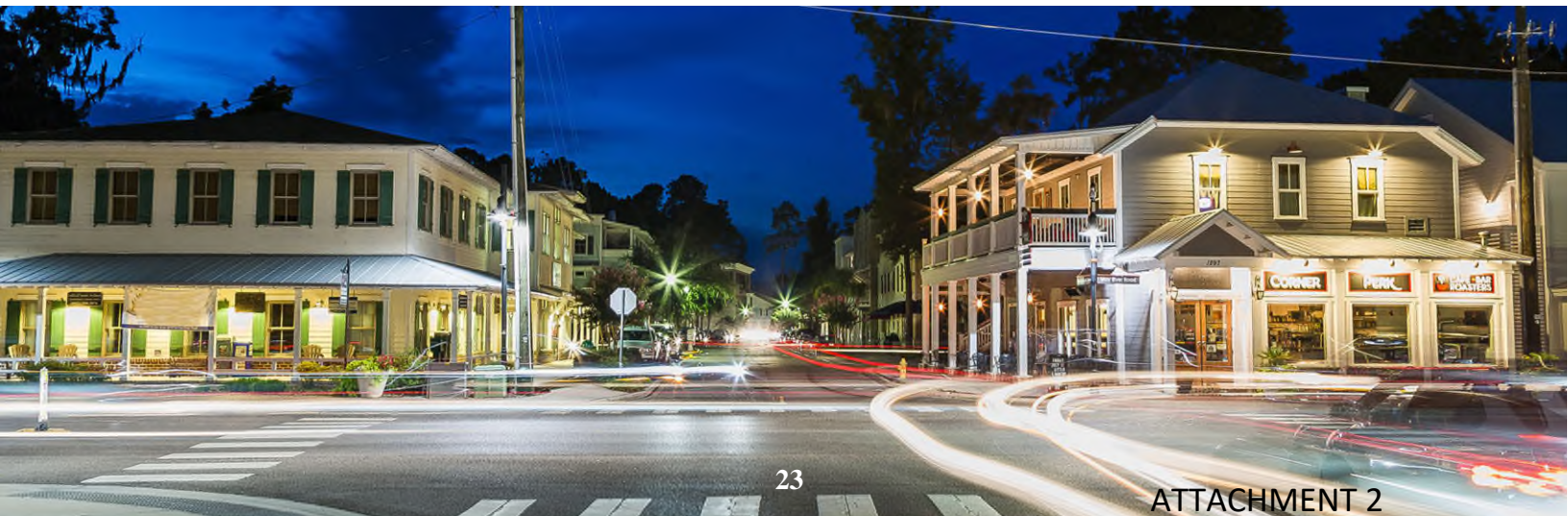
## For Homeownership:

- **The average salary in Bluffton is \$58,952. (Salaryexpert.com)**
- **The median home cost in Bluffton is \$494,370. (Zillow.com)**

Based on the US Department of Housing and Urban Development (HUD) rule of thumb for defining “affordability,” a household should spend **no more than three times** its annual salary for costs related to home ownership and **no more than 30% of household income** on rental housing. Based on the above-mentioned average salary in Bluffton, **\$176,856** would be the maximum “affordable” home for a family in the Town of Bluffton. This amount is \$315,000 less than the median priced homes in Bluffton.

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 as high as 8 percent depending on the loan type and the amount of down payment provided. Credit scores also affect a household’s ability to obtain mortgage. These variables make home buying more difficult for lower income households that have limited or no funds for a down payment and that may also have lower credit scores.

For example, depending on these variables, a **\$200,000 home** could cost a household anywhere between **\$1,222- \$1,444/month**. The lower monthly payment would be a VA or FHA type loan. This scenario also considers a 3 percent down payment and a credit score of 780. This monthly estimate does not include insurance, taxes, or any HOA fees.

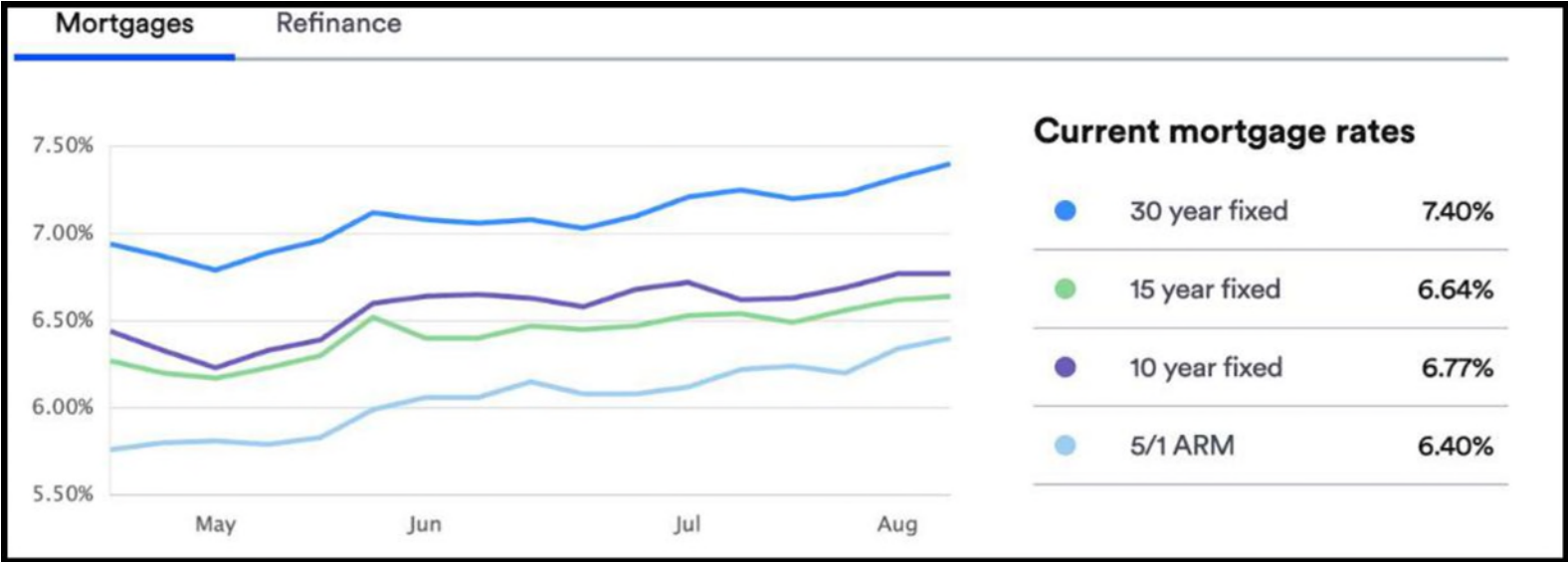


# HOUSING MARKET CONDITIONS

CONTINUED



The below chart shows a snapshot of mortgage rate options nationally for single family purchases as of August 2023.



Recent market reports from the Hilton Head Area REALTORS website indicates that there have been double digit increases in housing costs of detached housing.

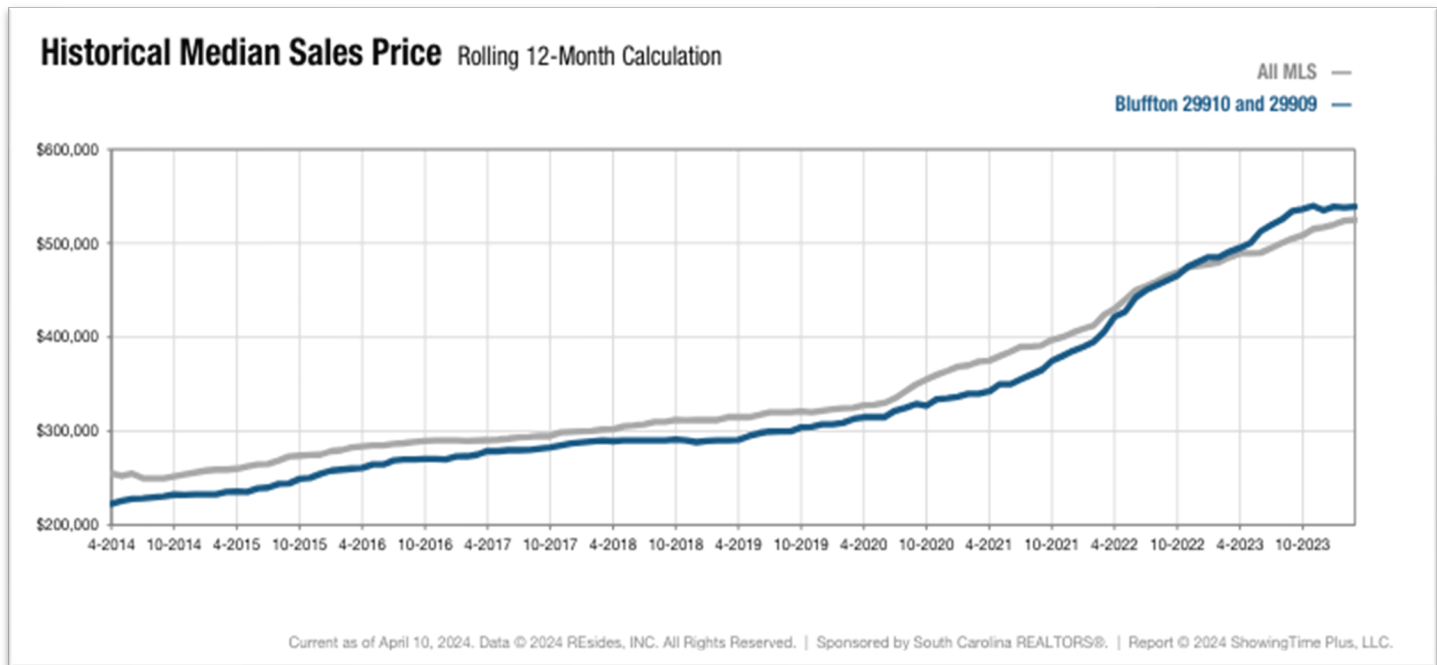
The graphic on the next page shows almost double digit increases for single family detached homes from 2014 to 2024 (approximately \$225,000 to over \$500,000).



# HOUSING MARKET CONDITIONS



## Bluffton Detached (Single Family Home)



## Bluffton Key Metrics From 2023 to 2024

Key Metrics	March			Year to Date		
	2023	2024	Percent Change	2023	2024	Percent Change
New Listings	279	277	- 0.7%	634	774	+ 22.1%
Closed Sales	147	194	+ 32.0%	346	478	+ 38.2%
Median Sales Price*	\$512,590	\$516,152	+ 0.7%	\$519,495	\$527,378	+ 1.5%
Percent of List Price Received*	97.9%	98.1%	+ 0.2%	97.6%	98.0%	+ 0.4%
Cumulative Days on Market Until Sale	46	58	+ 26.1%	43	64	+ 48.8%
Inventory of Homes for Sale	422	563	+ 33.4%	--	--	--

\* Does not account for sale concessions and/or downpayment assistance. | Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.



# HOUSING MARKET CONDITIONS

CONTINUED



The 2023 Annual Report on the Hilton Head Region Housing Market shows dramatic increases year after year for Attached (Townhomes) and Detached (Single Family Homes) housing types and includes all properties in the region. Ninety-Two (92%) percent of land in Bluffton is located within a Planned Unit Development (PUD) limiting the amount of available and eligible land that could be used to support the demand for workforce housing.

Of the eight percent of land outside of the Town's PUDs, there is limited developable land due to various conservation easements, environmentally protected areas, wetland areas and heirs' property issues.



# HOUSING MARKET CONDITIONS

CONTINUED



In addition to the limited land available to build new housing developments, as well as the low inventory of existing housing units impacting the overall availability of affordable housing, increased insurance costs are also impacting overall household costs. In some cases, insurance costs have doubled for residential and commercial properties, pricing people out of their own homes. For the rental market, insurance premiums are passed along to renters by apartment developers, therefore increasing the cost of rent for many families.

In some cases, rental property owners have converted their "previously affordable" rental properties into higher cost short-term rentals, taking them out of the affordable housing inventory.

In addition to these accelerating housing costs, along with low inventory, a recent 4 millage increase in property taxes for the Beaufort County school district will most dramatically affect properties that are already at a 6% tax rate. These increases are typically passed along to renters. Although the Town of Bluffton recently reduced its millage rate, the Town does not have control over school district increases.



# HOUSING MARKET CONDITIONS



## Market Research and the Cost of Housing:

In February 2024, Bluffton home prices were up 11.4% compared to 2023, selling for a median price of \$518K. On average, homes in Bluffton sell after 58 days on the market compared to 50 days last year. There were 78 homes sold in February this year, up from 45 last year. ([Redfin.com](https://www.redfin.com))

The below chart shows a comparison of Bluffton's median home price and sales price percentage change with other South Carolina communities and the Charlotte, North Carolina Metropolitan Statistical Area for the past year.

Location	Median Price	% Change from 2023 to 2024
Bluffton	\$518,000	+11.4%
Charleston	\$563,500	+10.7%
Beaufort	\$390,000	+12.4%
Myrtle Beach	\$325,000	+10.6%
Greenville	\$377,500	-10.1%
Charlotte MSA	\$410,000	+1.5%

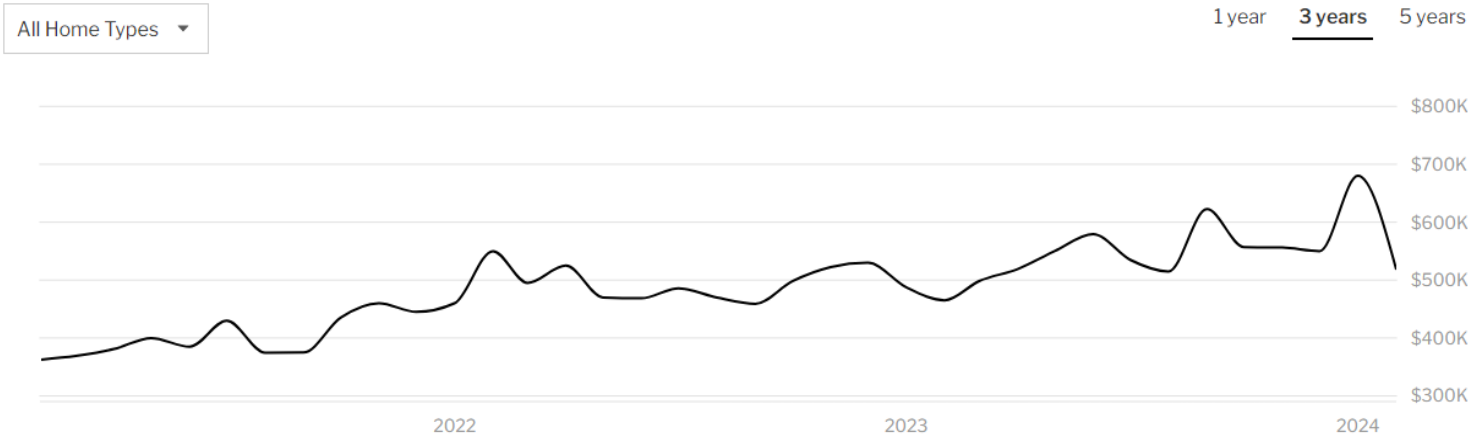


# HOUSING MARKET CONDITIONS

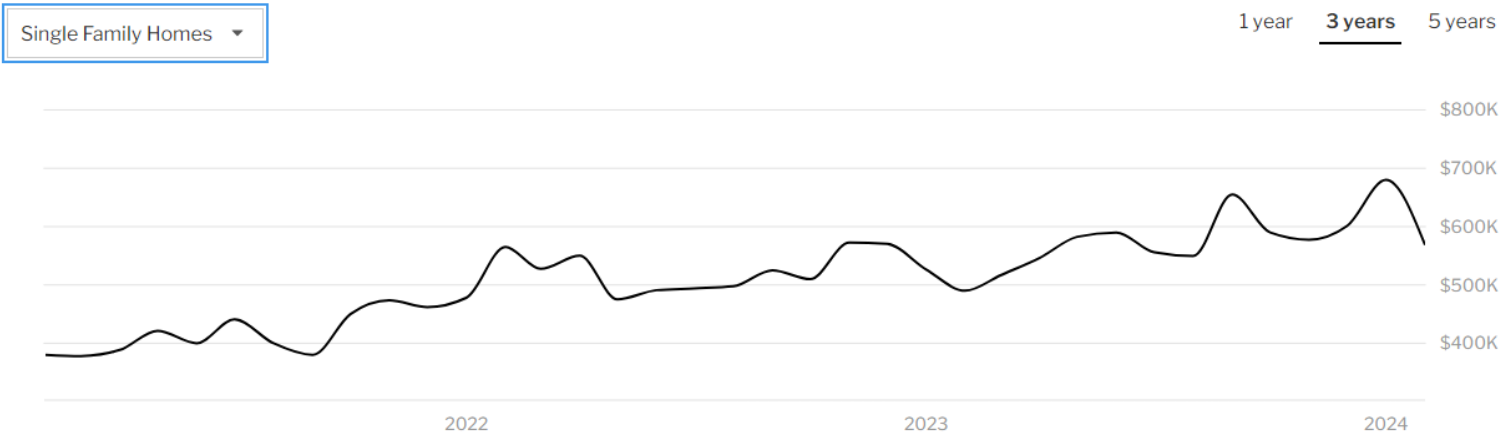


Based on recent data pulled from Redfin calculations of home data from the Multiple Listing Service (MLS) and public records, the following charts show the continued rise in housing costs over the last three years. Charts include: 1) All Home Types listed (villas, condos, townhomes and detached) and 2) Single Family Homes separately.

The chart below shows that, for all housing types (condos, townhomes and single-family ownership), the median sale price from 2020 to 2023 has nearly doubled. For single family homes alone, the median home price is \$568,378.



Based on Redfin calculations of home data from MLS and/or public records.



Based on Redfin calculations of home data from MLS and/or public records.

***The overall cost of living in Bluffton is 8% higher than the National average.***

# CONSTRUCTION AND DEVELOPMENT COSTS



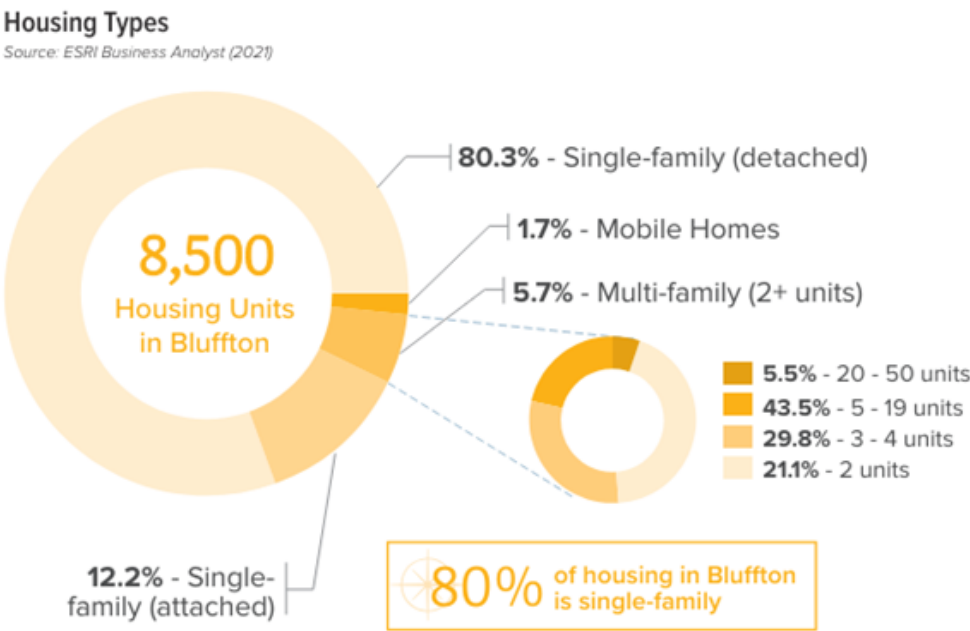
## Housing Impact Analysis



## Ownership Costs

Construction costs have significantly increased the cost of housing in Bluffton over the past few years. As of March 2024, single family homes were selling on median for \$505,000 with about 40 days on market. The median price per square foot was \$245. In August 2023, [BankRate.com](https://www.bankrate.com) indicated that to afford a \$500,000 house, a household would need to earn a minimum of \$91,008 a year — and probably more to avoid becoming “house-poor” in order to afford day-to-day expenses, maintenance, HOA fees, taxes, while paying other debts, like student loans, credit card and car payments. As a rule, housing costs should not be more than 30 percent of a household’s expenses.

As shown below, 80% of all dwelling units in Bluffton were single-family detached homes in 2021.



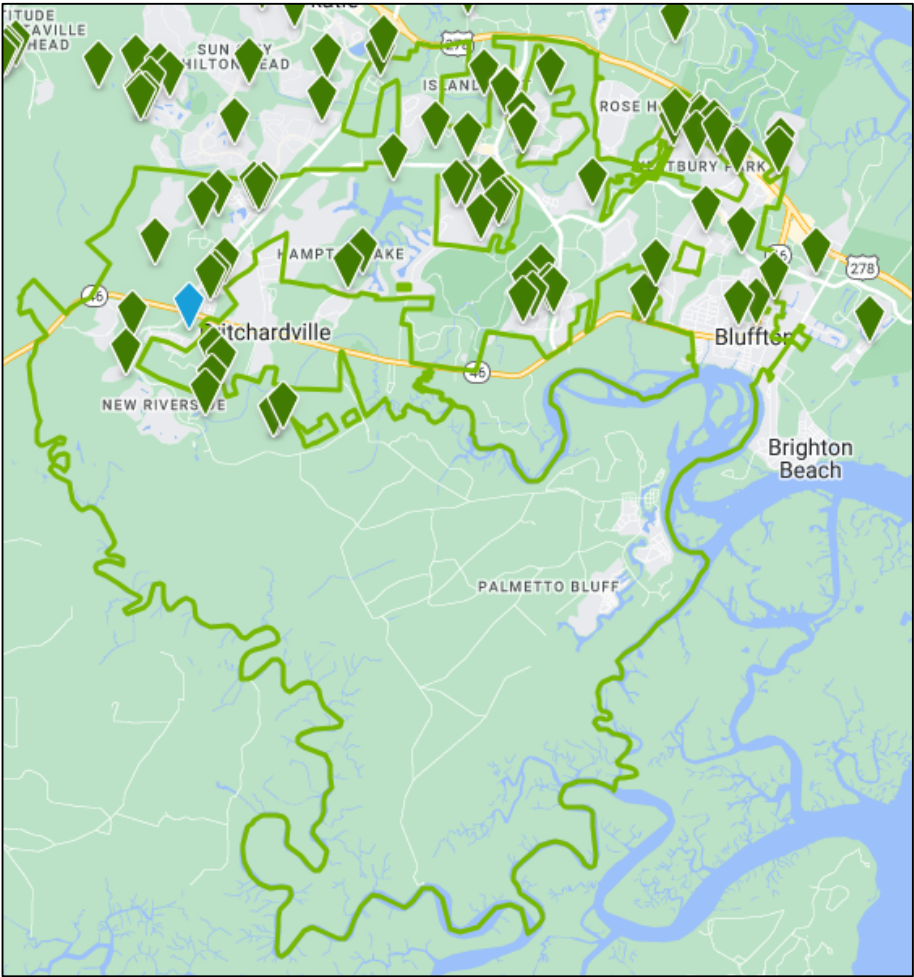




## Rental Market Costs

There is limited affordable inventory available in Bluffton to support workforce housing needs. Based on recent research on [Apartments.com](https://www.apartments.com), while there are multiple units available for rent in Bluffton, none were below \$1,450/month at the time of this analysis.

In a market study conducted by RPRG for a proposed tax credit project in Bluffton, market rents for a one-bedroom unit averaged \$1,608 per month. The average one-bedroom unit size was 735 square feet resulting in a net rent per square foot of \$2.19. Two-bedroom unit rents averaged \$1,747 per month. The average two-bedroom unit was 1,052 square feet resulting in a net rent per square foot of \$1.66.

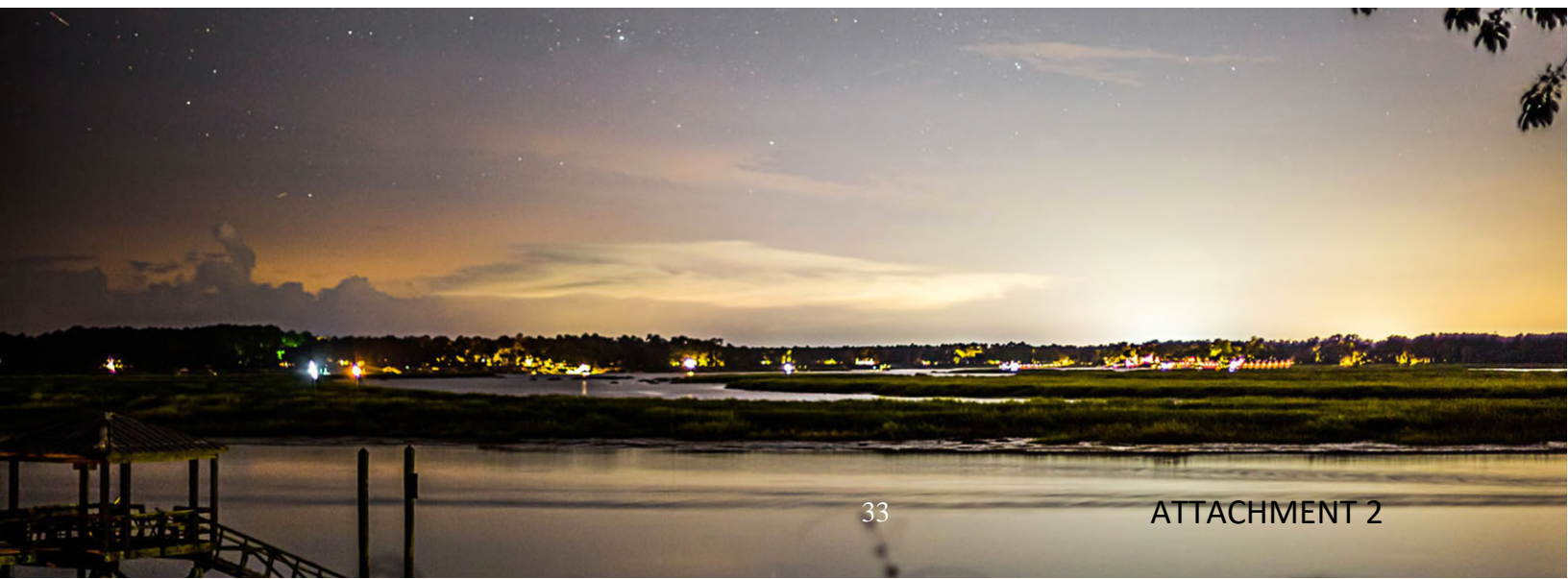


# CONSTRUCTION AND DEVELOPMENT COSTS



A rental development proposed in the Beaufort area that would produce about 100 units of multifamily rental housing for households with income below 60% of the Area Median Income, had a total estimated development cost (not including land) over \$17 million, approximately \$172,000/per unit. Another three-story, 24-unit garden style apartment development costs approximately \$145/square foot to build (not including land). Yet another recently completed project cost over \$213/square foot, approximately \$272,000/unit. All these examples are in the Bluffton or Okatie area, highlighting the overall escalating construction and labor costs in the region without even including land costs (land, site preparation and infrastructure).

Developers interviewed for this analysis indicated land costs in southern Beaufort can be as much \$25,000/unit or apartment. Other fees such as permit fees for the Town of Bluffton and Beaufort County impact fees (water and sewer etc.) can also increase per unit cost to over \$3,000/unit. Parking requirements and site restrictions including setbacks, lot size requirements and lower densities allowed may impact the cost of development. One multifamily developer interviewed indicated that as much as \$50/square per unit could be added to the costs of a project based on some of these limitations. For example, the need for podium parking (parking under the building structure) can increase the cost of a 100-unit development by as much as 18% in development costs. Design flexibility and additional developer incentives will be important to consider as the Town looks to address its workforce housing needs.

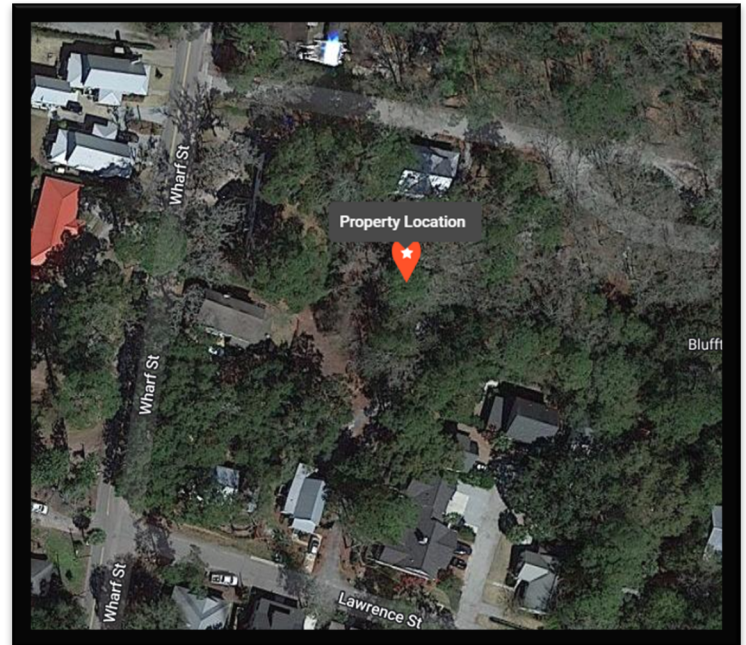


# CONSTRUCTION AND DEVELOPMENT COSTS



## Land Costs:

Land costs are extremely high in the Lowcountry. For example, a recent search on Land Watch for vacant lots for sale showed one .16-acre lot in the Old Town Bluffton area for \$220,000. Further, in Bluffton 92 percent of the land in the Town's jurisdiction is located within a Planned Unit Development (PUD) zoning district, minimizing the availability of land for affordable developments even further as governing development agreements were determined years ago without consideration for affordability requirements.



Property acquisitions by the Town indicate average land costs anywhere between \$150,000 and \$250,000 per acre, including the Town's acquisition of 140 Buck Island Road. Although the Town is taking aggressive steps to acquire property for future development opportunities, such opportunities are extremely scarce due to the lack of available land.

## Unified Development Ordinance (UDO):

In addition to land acquisition strategies that support workforce housing, the Town is considering updating its Unified Development Ordinance (UDO) as part of its Comprehensive Plan update which will include a variety of planning and zoning tools that would encourage and incentivize private developers to participate in building workforce housing. The Town already offers a density bonus for developers who include a percentage of workforce housing in large developments. The Town also enacted an Economic Development Incentive ordinance to support business development and subsidies for affordable housing.

Workforce housing is a priority for the Town as a part of its Housing Element within Blueprint Bluffton (Town's Comprehensive Plan), as well as Town Council's Strategic Plan.



# CONSTRUCTION AND DEVELOPMENT COSTS



## Development Fees:

Although development fees can vary depending on the type of development and its size and the location, these fees can add significant costs to the overall development of both single family and multifamily projects. For example, in Bluffton, fees for a single-family home valued at \$1.3M with about 2,650 heated square feet could be as much as \$18,217. As part of the Town's Workforce Housing program, the Town will re-evaluate its development fees; however, fees are necessary to pay for the staffing and support needed to manage the various development processes. Also, some of these impact and development fees are not controlled by the Town and are required to be paid based on state law, county and school board requirements.

## Insurance:

Dramatically rising insurance costs have hit owners, operators, and developers of housing hard in recent years, including rental housing. In an environment of slower rent growth and rising interest rates, these costs have become increasingly tough for many rental housing providers to shoulder. As a result, many firms are in the difficult position of choosing whether to absorb the higher costs--knowing it means less reinvestment in other areas of their businesses or higher rents for residents--or find ways to scale back policies to mitigate the costs thus raising their risk exposure. Continued uncertainty around costs and greater risk burdens creates negative repercussions for multifamily investment and development at a time when more housing is needed to meet the growing demand. Government policies intended to tackle the nation's housing shortage and address affordability challenges must account for the structural problems in today's insurance markets.

A June 2023 article in the Island Packet indicated some insurance costs have increased by 500% from 2022. Several insurance policies for area properties have doubled or tripled in the past two years.





# CONSTRUCTION AND DEVELOPMENT COSTS



In the same Island Packet article, one homeowner of a Hilton Head Island condo indicated that the master building insurance policy went from \$115,223 to \$690,000. Although this example is on the high side, condos owners across Beaufort County are seeing increases, according to several property management companies.

The same article also indicated that in May 2023, the average price of a condo (on Hilton Head Island) was \$452,500, less than half of the \$1,255,000 average home price, according to Hilton Head Area REALTORS market reports. For those with a smaller budget, looking to rent to make extra money or hoping to downsize, condos provide the opportunity to purchase property in a destination location. Yet, increasing insurance rates are adding thousands of dollars each year to the relatively less expensive option.





# SOLVING THE TOWN'S HOUSING CRISIS

A night photograph of a coastal town. The sky is dark with many stars visible. A layer of clouds is illuminated from below by the town's lights, creating a warm orange glow. The town's lights are reflected on the calm water in the foreground. On the left, there is a wooden pier or dock structure. On the right, some tree branches are visible in the foreground.

## Housing Impact Analysis



# SOLVING THE TOWN'S HOUSING CRISIS

Over the years, Town Council has made affordable workforce housing one of its top priorities, recognizing the critical need to produce and preserve diverse housing options that can meet the workforce and community needs. Sustainable economic growth is part of the solution but is a challenge as the Town's workforce is traveling from or to similarly paying and more proximate job centers. Increased regional competition for workers and the rising housing costs will continue to exacerbate the ability to attract and maintain a sustainable workforce. Additionally, the direct effect this level of daily commuters will have long term impacts on the overall community's quality of life due to increased traffic and infrastructure needs.

The Town is committed to solving its workforce housing challenges by supporting sustainable job growth opportunities and by focusing on the preservation and production of diverse affordable housing options that meet the workforce needs.

To further support the implementation of the Town's Workforce Housing Work Plan, and with the adoption of the Housing Impact Analysis as an amendment to the Town's Comprehensive Plan, the Town can utilize up to 15% of its Accommodation Tax (ATAX) to support critical steps and strategies that will increase the production and preservation of workforce housing Bluffton. Access to this new eligible source of funding could help leverage the Town's initial \$1.7M already committed to the 1095 May River Road housing project (to be known as "The May") and the annual commitment of almost \$300,000 to the Neighborhood Assistance Program. The Town recognizes that funding alone cannot solve the workforce housing shortage and has also committed land for additional housing opportunities in addition to implementing policies for economic development and density bonus programs to encourage and incentivize developers to provide workforce housing.

In addition, the Town has full time staff to the promote workforce affordable housing and provide recommendations on new and innovative housing programs.

# SOURCES



- The National Low Income Housing Coalition, 2023 Out of Reach, <https://nlihc.org/oor/about>
- The National Housing Conference, 2023 Paycheck to Paycheck, <https://nhc.org/paycheck-to-paycheck/>
- Best Places, Hilton Head Island, SC  
[https://www.bestplaces.net/jobs/city/south\\_carolina/hilton\\_head\\_island](https://www.bestplaces.net/jobs/city/south_carolina/hilton_head_island)
- Bureau of Labor Statistics, Occupational Employment and Wages in Hilton Head Island- Bluffton-Beaufort, May 2022, [https://www.bls.gov/regions/southeast/news-release/occupationalemploymentandwages\\_hiltonheadisland.htm](https://www.bls.gov/regions/southeast/news-release/occupationalemploymentandwages_hiltonheadisland.htm)
- Palmetto State Housing Study, June 30, 2023, prepared by the Darla School of Business, University of South Carolina for South Carolina State Housing Finance,  
<https://www.schousing.com/home/Palmetto-State-Housing-Study>
- Hilton Head Area REALTORS, May 2023 Market Reports, <https://hhrealtor.com/market-reports/> Hilton
- Head Area Home Builders Association, <https://www.hhahba.com/>
- Town of Hilton Head Island Studies, 2020 Our Plan, 2019 Workforce Housing Strategic Plan, 2022 Workforce Housing Framework, *Finding Home*
- Living Wage Calculator, MIT, <https://livingwage.mit.edu/>
- National Association of Homebuilders, 2023 State of Housing in South Carolina
- Lowcountry Council of Governments, 2022 People and the Economy Report,  
<https://www.lowcountrycog.org/>
- The Nerd Wallet, <https://www.nerdwallet.com/mortgages/mortgage-calculator/south-carolina>  
(mortgage rates)
- Rate.com, [https://www.rate.com/research/hilton\\_head\\_island-sc/price-per-square-foot](https://www.rate.com/research/hilton_head_island-sc/price-per-square-foot)
- Bankrate.com, <https://www.bankrate.com/real-estate/income-needed-for-500k-home/>

