

PLANNING COMMISSION

STAFF REPORT

Growth Management Department



MEETING DATE:	April 24, 2024
PROJECT:	Workshop Regarding Housing Analysis Required to Obtain Accommodations Tax (ATAX) Funds to Develop Workforce Housing
PROJECT MANAGER:	Charlotte Moore, AICP Principal Planner

BACKGROUND:

In 2023, Act 57 was signed into law to amend the South Carolina Code of Laws to allow local governments the opportunity to use up to 15% of their local accommodations tax revenue (ATAX), as well as revenue remitted to local governments under the 2% ATAX statute, for the development of workforce housing.

The Act defines workforce housing as “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 [30%] and one hundred twenty percent [120%] 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).” As of 2023, the median household income for Beaufort County is \$111,300.

To receive ATAX funds, the Town must complete a “Housing Analysis” per Sec. 6-4-12 of the South Carolina Code of Laws, which requires an amendment or addendum to the Town’s Comprehensive Plan. The Housing Analysis must include information about the effect of the proposed amendment on housing, including the effect on each of the following:

- The cost of developing, constructing, rehabilitating, improving, maintaining, or owning single-family or multifamily dwellings;
- The purchase price of new homes or the fair market value of existing homes;
- The cost and availability of financing to purchase or develop housing;
- Housing costs;
- The density, location, setback, size, or height development on a lot, parcel, land division, or subdivision; and,
- An analysis of the relative impact of the ordinance on low- and moderate-income households.

“Housing Costs” are those related to the development, construction, financing, purchase, sale, ownership or availability of a median-priced single-family residence. The analysis could include estimates for larger developments to understand the long-term effects of Act 57.

The Housing Analysis must be submitted to the South Carolina Department of Revenue and the Tourism Expenditure Committee prior to adoption of the amendment by Town Council; however, neither entity is required by state law to review or approve the analysis, according to the Municipal Association of South Carolina. Town Staff is in the process of preparing the report, which will be presented to the Planning Commission on May 22.

Once the amendment is adopted, Town Council can apply funds in a variety of ways, including distributing funds to non-profit and for-profit organizations to develop workforce housing, internal transfers for capital projects or debt service on those projects, as well as allocating annual funds for any government-sponsored housing program*. The program to use ATAX funds will end December 31, 2030.

*Source: Burr Forman (2024, April 10), burr.com, <https://www.burr.com/newsroom/articles/recent-changes-to-accommodations-tax-statutes-to-promote-workforce-housing-development>.

NEXT STEPS:

Comprehensive Plan Procedure	Date	Complete
Step 1. Planning Commission Workshop	April 24, 2024	x
Step 2. Planning Commission Public Hearing and Recommendation	May, 14, 2024	x
Step 3. Town Council – 1st Reading	June 11, 2024	x
Step 4. Town Council Meeting – Final Reading and Public Hearing	July 9, 2024	x

STAFF RECOMMENDATION: This item is for information only. The Housing Analysis will be presented to the Planning Commission on May 22, 2024 for a review and recommendation to Town Council.