



Section 5

Housing

Goal: Diversify Housing Options

Bluffton is a community of neighborhoods. These places, almost as unique as its people, were built across multiple eras and include various styles, arrangements, and sizes of housing. The majority of housing in the Town was built after 2000. Between 2010 and 2020, the residential footprint of the Town doubled, increasing to 8,500 housing units with hundreds more approved for the coming years. Following the Great Recession, the Town averaged just under 600 new housing permits per year. Even with the COVID-19 Pandemic causing widespread economic disruption, the Town's permit pace continued to accelerate. Despite this tremendous growth, the supply of housing in Bluffton cannot meet the demand. Costs are rising quickly across the Lowcountry and very quickly in Bluffton. Affordable properties that do exist are under increasing development pressure and the costs to build newer affordable units will not be profitable without subsidy. The community finds itself at a crossroads.

The conversations with the community raised clear issues with affordability in the Town. Residents voiced their concerns over rising costs and would like to see the Town take a more

proactive role in enabling a more diverse and affordable housing stock. Two recurring 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 also a regional challenge. Leadership can work with their counterparts across the Lowcountry to reduce the pressure on the Town and share ideas, experiments, and policies across jurisdictional boundaries.

This chapter includes analysis and recommendations related to the inventory and diversity of Bluffton's housing stock and its relative movement within the housing market. Topics include housing make-up, neighborhoods and planned development, market dynamics, affordability, and several other related subjects. The 18 recommendations at the end of this chapter respond to challenges or opportunities across three related objectives: Add Affordable and Workforce Housing in Bluffton, Expand the Availability of Housing Types to Become a Lifecycle Community, and Protect Existing Naturally Occurring Affordable Housing (NOAH).

DATA & TRENDS

Housing Demand

Strong population growth in Bluffton has created clear and immediate demand for housing. The number of housing units in the Town has nearly doubled since 2010, to reach almost 25,000 units. More than 80% of all housing in the Town are single-family detached units and are primarily owner-occupied. Townhouses and other single-family attached units make up another 12.2% and multi-family units comprise 5.7%.

Sale Volume and Price

As of 2021, nearly 55% of the housing units in Bluffton were valued at more than \$300,000, with a median value of \$316,294. Consistent with national trends, for-sale supply in Bluffton has been constrained, resulting in a sellers' market. Price points have experienced strong increases accordingly. New housing unit sales were 99.9% single-family detached in the last five years. Residents have limited housing options outside of single-family detached units, and increasing price points are constraining homeownership.

Since the beginning of 2020, more than 56% of all closings were priced above \$350,000, new or resale. Average sales prices have accelerated, exceeding \$400,000 over the 18-month measured period starting in January 2020. Maintaining housing affordability is critically important to the quality of life in Bluffton. Housing affordability plays an important role in the quality of life by increasing access to housing for a wide variety of households and can influence economic development attraction and retention success by providing housing options for all levels of employees. More than 2,500 households in Bluffton are cost-burdened, which means a household is paying more than 30% of their annual income on housing and housing-related expenses.

Housing Product Variety

When compared to Beaufort County, Bluffton had less housing at both ends of the value spectrum. It has comparably fewer housing units valued under \$150,000 and less valued over \$400,000. This reflects several factors: neighborhoods that host older housing units have not been annexed into the Town, while at the same time,

Figure 5.1

Housing Affordability

Source: ESRI Business Analyst (2021)

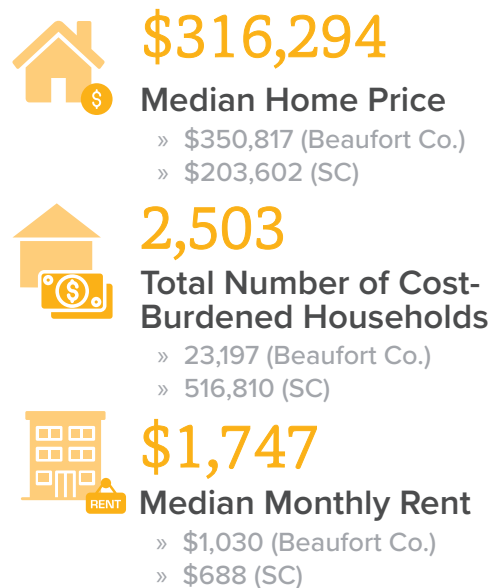
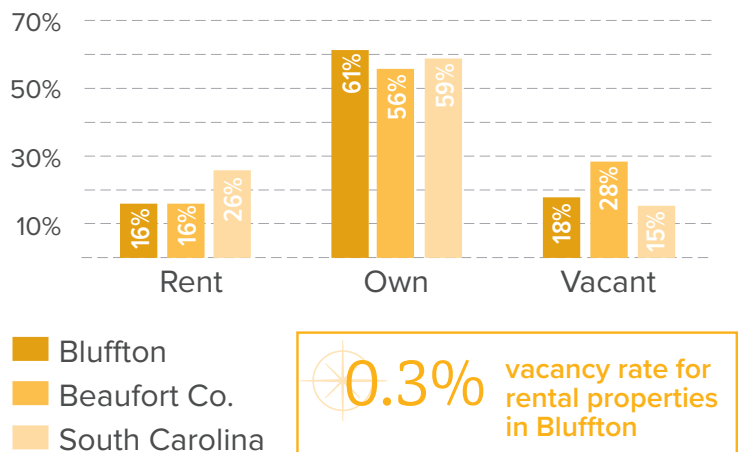


Figure 5.2

Housing Occupancy

Source: ESRI Business Analyst (2021)



some of the most valuable new developments have occurred outside of Town limits. It's also important to note that "housing value" does not perfectly reflect sales price. In a market like Bluffton that has experienced strong population growth, high demand can drive costs up faster than values. Most importantly, the Housing Units by Value chart (see figure 5.4) shows the historical attraction and draw of Bluffton in the mid-market. This is the area and the strength of the community that is under pressure from escalating housing prices.

Figure 5.3

Housing Types

Source: ESRI Business Analyst (2021)

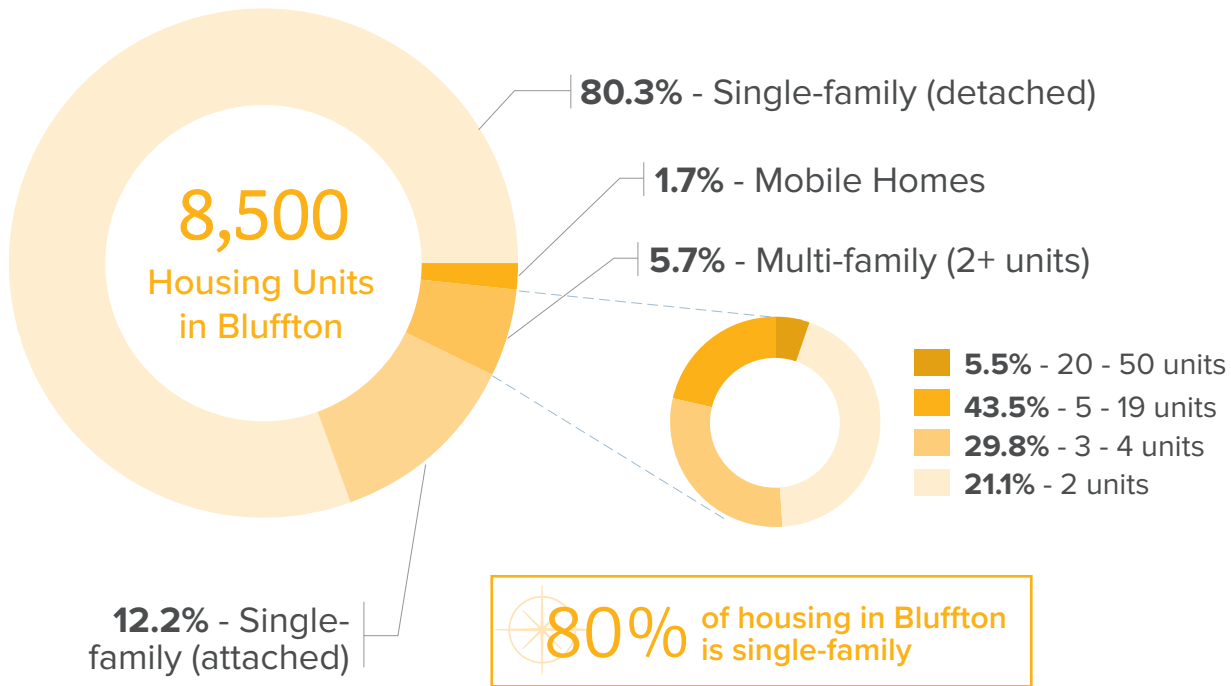
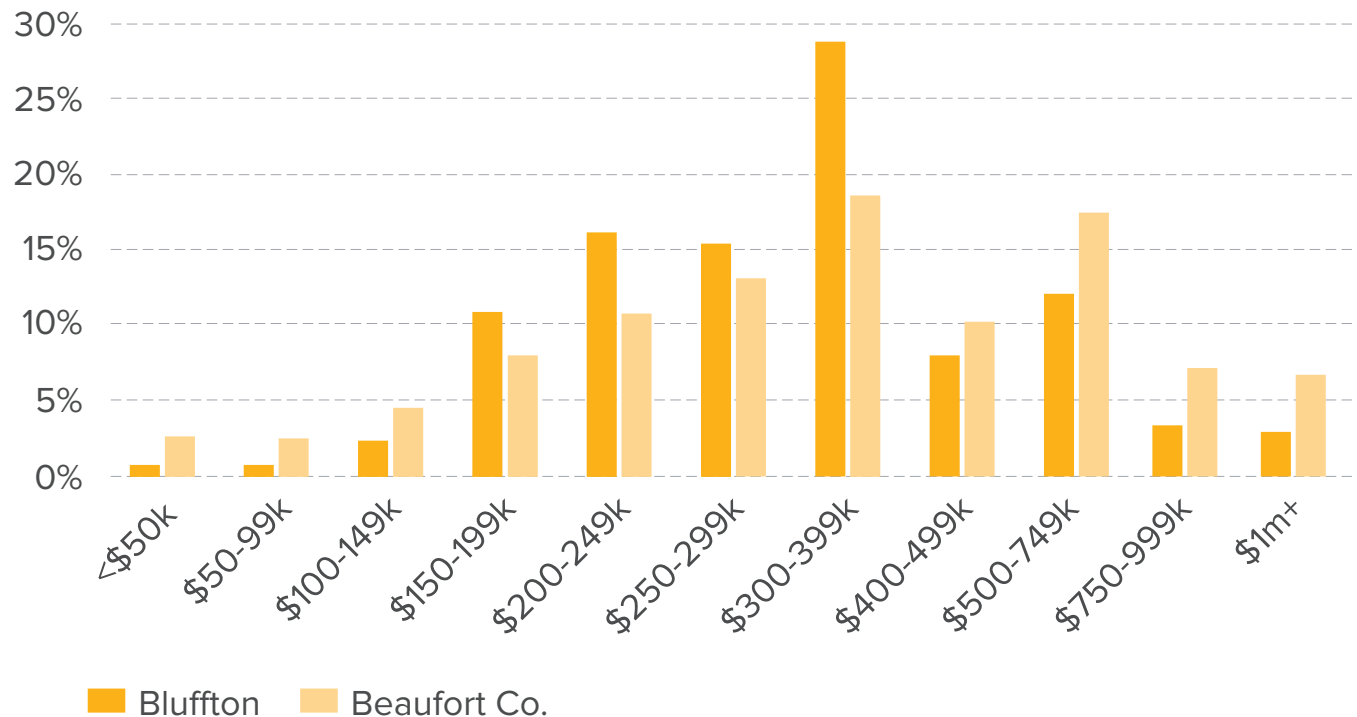


Figure 5.4

Housing Units by Value

Source: ESRI Business Analyst (2021)



Rental Housing Market

Median monthly rent in 2020 in Bluffton is 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 the identified rental units have been built in the last five years. Representing only 5.7% of the housing stock, multi-family residential rental vacancy rates in Bluffton are exceptionally low, estimated at 0.3%. At the time of this analysis, 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.

Future Market Demand

Population in the Bluffton Study Area is expected to increase by more than 19,000 people over the next two decades. Based on low available supply for both for-sale and rental housing options, demand for housing in the future is clear and immediate. As Bluffton grows, housing options in the community should diversify unit type, tenure, and price point. Owner-occupied housing could support a wider variety of types, including attached single-family, townhouse-style, and condominiums. Smaller infill projects, sometimes referred to as “Missing Middle” housing, should also be supported in areas with easy access to jobs and retail services to maintain the affordability that has been a strength of Bluffton.

Rental housing has an immediate demand projection, particularly given the low vacancy rate of existing apartment communities and the elevated rental rates. With a comparatively newer rental inventory, the viability of constructing apartments has been tested for market-rate communities. Residents between the ages of 65 to 74 represent the fastest growing age group in the area. Housing options that support aging in place will also increase in demand, including active adult units and communities that offer a continuum of care for residents. In a market like Bluffton, where demand exceeds supply, new and diversified housing will help to control price inflation, create places that are attractive for a local workforce, and increase rooftops that can attract retail tenants.

It is important to note that according to national real estate preference studies, there is a growing segment of the population that prefers multi-family living, particularly at certain life stages. This includes young professionals, single parents, temporary/part-time residents, and older residents that are transitioning from single-family homes and are seeking less home maintenance. These groups are clearly reflected in the demographic characteristics of Bluffton and are generating demand for a variety of housing types. The low vacancy rate of rental multi-family housing further suggests immediate demand for multifamily living.

Figure 5.5

Housing Market Demand Summary

	Products	Demand Timeframe	Market Considerations
For-Sale Housing	<ul style="list-style-type: none"> • Detached Home • Townhouse • Condominium • Missing Middle 	Immediate	<ul style="list-style-type: none"> • Demand far exceeds supply • Increase for-sale housing options for residents • Adds rooftops to support commercial • Continued build-out of existing PUDs
Rental Housing	<ul style="list-style-type: none"> • Traditional • Active Adult Multifamily • Senior Care 	Immediate	<ul style="list-style-type: none"> • Recent multi-family developments prove viability • Market-rate communities have limited availability • Seniors are the fastest growing age group • Increases options for aging-in-place



Affordability and Insecurity

As a consequence of growing demand and rising sales prices in the region, the cost of housing increased significantly between 2010 and 2022 in Bluffton. The trend impacted both the owner and renter-occupied markets and has placed downward pressure on the most housing insecure segments of the community. A household paying more than 30% of its gross monthly income for housing (whether as rent or a mortgage) is considered cost-burdened. The share of renters in Bluffton paying beyond the affordability threshold is lower than the overall County, 10% compared to 12% for the County. Among mortgage holders, however, the rate is much higher. Just under 30% of homeowners in the Town are beyond the threshold. Unique to Bluffton, however, rates of cost burdening have actually decreased over the last decade. This runs counter to regional and national trends where the divergence in wages and housing costs have placed more households into unaffordable housing circumstances. Wage growth in Bluffton has outpaced the region and a wave of new, higher-earning residents may account for the relatively small and shrinking share of cost-burdened households. Where there is need, however, it is acute. Rent costs rose faster than the County over the measured period (2010 to 2022), moving from \$1,200 to \$1,750.

Homelessness and extreme housing vulnerability are additional challenges in the region. While statistics are not tracked locally, the Beaufort County School District estimated just over 300 of its students lived in households experiencing temporary or long-term housing insecurity or homelessness in 2020. Organizations like United Way of the Lowcountry, South Carolina Department of Social Services, Beaufort Housing Authority, and Family Promise are working on behalf of these communities to provide temporary shelter and stabilize family units for a transition to permanent housing.

The 2018 Housing Needs Assessment for Beaufort County identified shared issues across the County with respect to housing availability and affordability. With a regional vacancy for market-rate rental housing below 2.5%, the County is three points lower than a healthy or well-balanced system (between 4 and 6%). The situation for lower-income renters,

Housing Terms and Definitions

Affordable, workforce, and low-income housing are unique terms. Affordable housing is market dependent and refers to the portion of the overall stock below the cost burdening threshold of 30% of monthly gross income. Workforce is a measure of affordability but with respect to the local prevailing wage. Low-income housing is technically defined and refers to federally subsidized units for individuals or households earning at or below specific thresholds like the poverty line.

especially those relying on assistance is even more competitive. At the time of the plan, 1,100 households were listed on the Housing Authority's wait list.

Local Action on Affordability

While the affordability challenge is regional in scope, the Town has taken steps to proactively address the gap locally. Based on several recommendations in the previous Comprehensive Plan and subsequent studies, Town Council appointed an Affordable Housing Committee in 2010. This group is tasked with assisting and advising the Town Council on the establishment of affordable housing criteria for Town sponsored affordable housing development projects and initiatives as well as defining the Town's affordable housing goals, guidelines, policies, and funding mechanisms. The Community Development Office facilitates the Neighborhood Assistance Program and Affordable Housing programs with guidance from the Affordable Housing Committee to create suitable and safe living environments and expand opportunities for decent, safe, and affordable housing. The office runs two programs: The Affordable - Workforce Housing Program and the Neighborhood Assistance Program. These are designed to expand and maintain affordable options in Bluffton in the long term.

The Town owns four parcels that it has identified for affordable housing development. These total just over 10 acres. In 2022, the Town began negotiations with a private developer for the site at 1095 May River Road. This project will consist of up to 14 units and will be priced for mixed incomes. The units will be designated 60, 80, and 100 below AMI levels of income.

RECOMMENDATIONS

Objective H1. Add Affordable and Workforce Housing

H1.1 Participate in the regional Housing Trust Fund (HTF) to ensure that Bluffton contributes its share of affordable housing to the region. The Beaufort-Jasper Counties Regional Housing Trust Fund was formed to support production and/or preservation of affordable housing across the Lowcountry. Bluffton will be joined by a group of regional communities to address the issue. This includes Beaufort County, Jasper County, Hilton Head Island, the cities of Beaufort and Hardeeville, and the Towns of Port Royal and Yemassee. The Town will support the fund through a 3% contribution to its operating budget and by appointing a Town representative to the board.

H1.2 Foster participation with regional affordable and workforce housing efforts. As average sales prices rise across the region and within Bluffton, the Town is taking a more proactive role to protect and grow its stock of affordable and workforce housing. This is a growing challenge but is also regional in scope. The Town has taken initial steps to address the issue including

its participation in the Beaufort-Jasper Counties Regional Housing Trust Fund. Leadership will continue to participate in these regional discussions, planning and initiatives.

H1.3 Continue to promote the Workforce Homeownership 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; expand access to quality, affordable housing options for infill development and redevelopment that preserves the Town's culture, character and history; improve the quality of existing housing stock by offering new options; increase affordable workforce housing within the Town of Bluffton, increase homeownership opportunities to low and moderate-income families; and, increase opportunities for homeowners to build wealth through equity by offering options to replace manufactured homes with permanent modular constructed homes.

H1.4 Foster relationships with non-profit groups and developers to assist in the development, construction, and/or purchase of affordable housing units. Building housing affordability in a fast-growing and attractive community runs counter to the market. Therefore, communities like Bluffton, and its host of non-profits, developers and other community actors, need to access resources to subsidize elements of the development process. This might relate to land costs, materials, permitting, construction, or entitlements. Because each market is different, the approach to building "affordability" is equally tailored. The Town has made significant progress in defining the local and regional needs and in identifying early policies and projects. The Town will continue to build relationships and serve as the facilitator for future deals through the Community Development Office of the Growth Management department.

“ Ensuring affordable housing be mixed with the higher end housing so that there is diversity in our community, not just confined to an apartment complex. ”

“ Would like to see production builders reconsider their variety of housing products. ”

“ Affordable housing is a huge hurdle for continuing smart growth. ”



Related quotes from the Blueprint Bluffton Community Engagement process

H1.5 Coordinate with the Beaufort County Housing Authority to build affordable housing units in Bluffton. The Beaufort County Housing Authority manages affordable public housing and housing assistance programs for low-income families. Authorities serve as the local administrative agent for housing assistance programs funded by the federal Department of Housing and Urban Development (HUD). The Beaufort County Housing Authority manages and maintains 291 Public Housing units and 550 Housing Choice Voucher units across the County. Working with partners like the Lowcountry Housing & Redevelopment Corporation, the Authority can work with the Town to expand and manage new affordable units post-construction or work with the community to facilitate development deals with an affordable component.

H1.6 Continue to dedicate funding to acquire property to be made available to local groups to construct affordable housing units. One way of subsidizing and exerting more control over the housing development process is for the Town to directly acquire suitable property when there is an opportunity. Rather than simply “banking” the land, the Town can issue a request for development proposals for the site and stipulate certain conditions regarding the project including affordability thresholds or unit totals. At the time of writing, the Town was actively engaged in two land deals as described above.



One Hampton Lakes Apartments



Kirks Bluff Townhomes



Infill Housing, Old Town

H1.7 Continue to support the Town’s Affordable Housing Committee to assist with coordination and facilitation of affordable housing efforts. The seven-member Affordable Housing Committee is tasked with assisting and advising Town Council on the establishment of affordable housing criteria. This applies to Town-sponsored affordable housing development projects and initiatives as well as defining the Town’s affordable housing goals, guidelines, policies, and funding mechanisms. The Committee was established by a majority vote of Town Council on January 12, 2010. Since its founding, this Committee has been instrumental in crafting policy and priorities to protect and expand the affordable housing units in Bluffton. The Town should continue to support the Committee’s mission and engage the group in Town-wide strategic planning efforts to fund physical projects and/or programs. This can include regular joint work sessions between the Committee and Town Council and Planning Commission, case study visits or excursions for the Committee, and/or expert speaker series focused on the issue of affordable housing in high-demand markets.

H1.8 Identify and eliminate regulatory and financial barriers that can inadvertently discourage the development of affordable housing. Margins for affordable housing construction – even with significant assistance from local, state and federal sources – are extremely tight. The COVID-19 pandemic and related economic shutdowns drove up prices for labor, materials, and development. As a result, the costs for market-rate housing increased significantly. It is imperative for the Town to streamline (as much as it can safely) the permitting processes for affordable projects and champion their delivery publicly.

Objective H2. Expand the Availability of Housing Types to Become a Lifecycle Community

H2.1 Create floating districts for the development of cluster neighborhoods and missing middle housing types. To expand the diversity of housing types and densities the Town should explore and define a floating zone district that clearly delineates the uses and configuration of a “Cluster or Mixed-Housing District”. This district would provide flexibility to potential developers without pre-prescribing an appropriate location for that development through the zoning map. Applicants would have the option to pursue a rezoning, at which time the project would be evaluated against the floating zone standards. The district definition would be consistent with the current districts in the Town’s Unified Development Ordinance, and could include additional requirements related to design standards, affordability thresholds, and other considerations.

H2.2 Encourage housing diversity to accommodate a wide range of employees. The Town is committed to expanding housing options for the more than 6,000+ employees who work in Bluffton but do not live in Bluffton. Accommodating more of these workers locally has the potential to decrease congestion, solidify local workforce needs, and capture more property and sales value locally. The Town can work with prospective developers – especially for large properties where a re-zoning may be necessary – and negotiate the appropriate mix of housing types for planned residential developments. This is a common practice for communities like Bluffton, where there is significant development pressure and limited land resources. Additionally, the Town should continue to articulate its policies and affordability targets through regular strategic planning. This sends a clear message to the development community and removes ambiguity.

H2.3 Encourage lifecycle housing that allows residents to age in place. As communities like Bluffton experience rapid growth in the 65 to 74 age group, there can be a natural stratification of housing types as long-term residents look for down-sizing options and young prospective residents seek to move in. This gradual diversification is the intention of the Town with respect to new housing-focused development programs.

H2.4 Incentivize private sector partners to develop diverse housing options within existing development agreements. Bluffton is unique for its number of Planned Unit Developments (PUDs). A PUD allows development flexibility that improves design, permits a mix of certain uses, and helps preserve natural features. These agreements represent a negotiation outside of the traditional zoning and entitlement path where prospective developers present a master plan for development, access, use-mix, and other considerations. Most developments like these, are built over a decade or more. Over this period, the market can shift and the original plan may need to be amended. As PUD developers re-engage the Town with change requests, the Town can negotiate scaled improvements (affordable unit quotas, sidewalk or path connections, aesthetic improvements, etc.) to the overall plan. Through an ongoing discussion, the Town can ensure these communities continue to grow in a way that is both profitable for developers and helps the Town achieve its goals.

CASE STUDY

Floating Districts | Encinitas, CA

According to the American Planning Association, a floating zone is “a zoning district that delineates conditions which must be met before that zoning district can be approved for an existing piece of land. Rather than being placed on the zoning map as traditional zones are, however, the floating zone is simply written as an amendment in the zoning ordinance.” The City of Encinitas, California is one municipality that has implemented this concept to meet their housing needs. Encinitas has established several floating zones to accommodate a mixture of residential types and to allow for a moderate increase in residential density, while still enabling the city to guide quality development and design that is compatible with the existing community character.

Objective H3. Protect Existing Naturally Occurring Affordable Housing (NOAH)

H3.1 Define naturally occurring affordable housing (NOAH) within the Bluffton context. In pursuit of expanding affordable housing options in the Town, leaders must also proactively identify, and work to protect affordable units already in Bluffton. Around 15 percent of total units in the Town are priced at or below the “affordable” threshold. Affordability, as a measure, is market-dependent and varies from region to region. Generally, an affordable housing unit (whether it is rented or owned) consumes less than 30 percent of the householder’s monthly income. The Town should memorialize its housing affordability index (for individuals and families) and develop an ongoing inventory of the total unit count at or below this figure. Leadership can use this information to set more informed and realistic goals for unit construction and develop a strong case to maintain the naturally occurring stock.

H3.2 Explore the creation of a community land trust in vulnerable neighborhoods in Bluffton. A community land trust provides a vehicle for ensuring affordable housing units remain affordable in the long-term. Effective trusts take ownership of the underlying land and, in some cases, property of an affordable project. The Town should evaluate the trust model as a means for protecting lower-income homeowners and gauge its appropriateness in the Bluffton context.

H3.3 Support and incentivize the maintenance of properties that may not qualify for the Neighborhood Assistance Program. The Town’s assistance program has proved an effective and well-utilized tool for maintaining vulnerable, affordable housing stock. The program was created to assist low- and moderate-income residents of Bluffton with property repairs and improvements. This leads to an increase the quality of life for all residents while creating a safer, more vibrant community that retains its character and provides quality affordable housing. To qualify for assistance, households must have an income which does not exceed 60% of the area median income for Beaufort County, and calibrated based on the size of household. The Town should review the number of homeowners and/or properties that may be affected if the threshold were raised. The Town can use this information to better cost-evaluate a fringe increase to the benefit.

H3.4 Partner with utility companies and other entities to assist homeowners in vulnerable neighborhoods to conduct home energy audits to determine ways to cut energy use and costs. The Town actively participates in the federally funded Low-Income Home Energy Assistance Program (LIHEAP). This program helps economically disadvantaged households with their home energy bills and according to the LIHEAP materials, “can help you stay warm in the winter and cool in the summer. By doing so, you can reduce the risk of health and safety problems (such as illness, fire, or eviction).” Communities like Bluffton have built upon the basic LIHEAP program by partnering with regional planning organizations and energy providers. Home weatherization campaigns can assist households with full home-energy inspection, review of attic and wall insulation, air sealing, safety checks on natural gas appliances, natural gas furnace repair or replacement, and/or natural gas water heater repair or

replacement.

H3.5 Study and identify programs from similarly positioned communities to protect NOAH in Bluffton. As a fast-growing community-of-choice, Bluffton will continue to struggle to grow its stock of affordable housing. Especially as growth slows, market forces will continue to increase the cost of property and housing in the community. The Town's location, vibrancy, quality schools and amenities will ensure demand remains high and sales prices climb. This is a shared challenge for communities like Bluffton. The Town should study similarly positioned communities from around the country to better understand the types of policies, programs, and projects those places have funded to protect their stock of affordable housing. The Affordable Housing Committee can be tasked with compiling the best practices and presenting opportunities to Town Council.

H3.6 Partner with local lending agencies and mortgage brokers to offer assistance on home ownership programs and education. The Town may choose to take a more direct role in helping local renters transition to home-ownership through programs like down payment assistance. The American Dream Downpayment Assistance program is funded by the HUD's Office of Community Planning and Development under the HOME Investment Partnerships Program. Communities like Bluffton have set up internal operations to inform eligible residents of the program, assist them with the application process, and administer necessary paperwork. This is one of several state and federal programs the Town should evaluate as a potential funding source.



DEFINITION

What is NOAH Housing?

Naturally Occurring Affordable Housing is the stock of viable housing in a community below that community's affordability threshold. The national conversation on affordable housing has focused on adding units, but it is equally important to maintain and transfer the existing stock. These units can be susceptible to blight and disinvestment without proactive measures and monitoring from public or quasi-public entities. It is significantly more affordable for the community to work on initiatives to keep residents in their existing affordable units than to try and build new units from scratch.

HOUSING | DIVERSIFY HOUSING OPTIONS

RECOMMENDATIONS

H1. Add Affordable and Workforce Housing in Bluffton

- H1.1 Participate in the regional Housing Trust Fund (HTF) to ensure that Bluffton contributes its share of affordable housing to the region.
- H1.2 Foster participation with regional affordable and workforce housing efforts.
- H1.3 Continue to promote the Workforce Homeownership Program.
- H1.4 Foster relationships with non-profit groups and developers to assist in the development, construction, and/or purchase of affordable housing units.
- H1.5 Coordinate with the Beaufort County Housing Authority to build affordable housing units in Bluffton.
- H1.6 Continue to dedicate funding to acquire property to be made available to local groups to construct affordable housing units.
- H1.7 Continue to support the Town's Affordable Housing Committee to assist with coordination and facilitation of affordable housing efforts.
- H1.8 Identify and eliminate regulatory and financial barriers that can inadvertently discourage the development of affordable housing.

H2. Expand the Availability of Housing Types to Become a Lifecycle Community

- H2.1 Create floating districts for the development of cluster neighborhoods and missing middle housing types.
- H2.2 Encourage housing diversity to accommodate a wide range of employees.
- H2.3 Encourage lifecycle housing that allows residents to age in place.
- H2.4 Incentivize private sector partners to develop diverse housing options within existing development agreements.

H3. Protect Existing Naturally Occurring Affordable Housing (NOAH)

- H3.1 Define naturally occurring affordable housing (NOAH) within the Bluffton context.
- H3.2 Explore the creation of a community land trust in vulnerable neighborhoods in Bluffton.
- H3.3 Support and incentivize the maintenance of properties that may not qualify for the Neighborhood Assistance Program.
- H3.4 Partner with utility companies and other entities to assist home owners in vulnerable neighborhoods to conduct home energy audits to determine ways to cut energy use and costs.
- H3.5 Study and identify programs from similarly positioned communities to protect NOAH in Bluffton.
- H3.6 Partner with local lending agencies and mortgage brokers to offer assistance on home ownership programs and education.