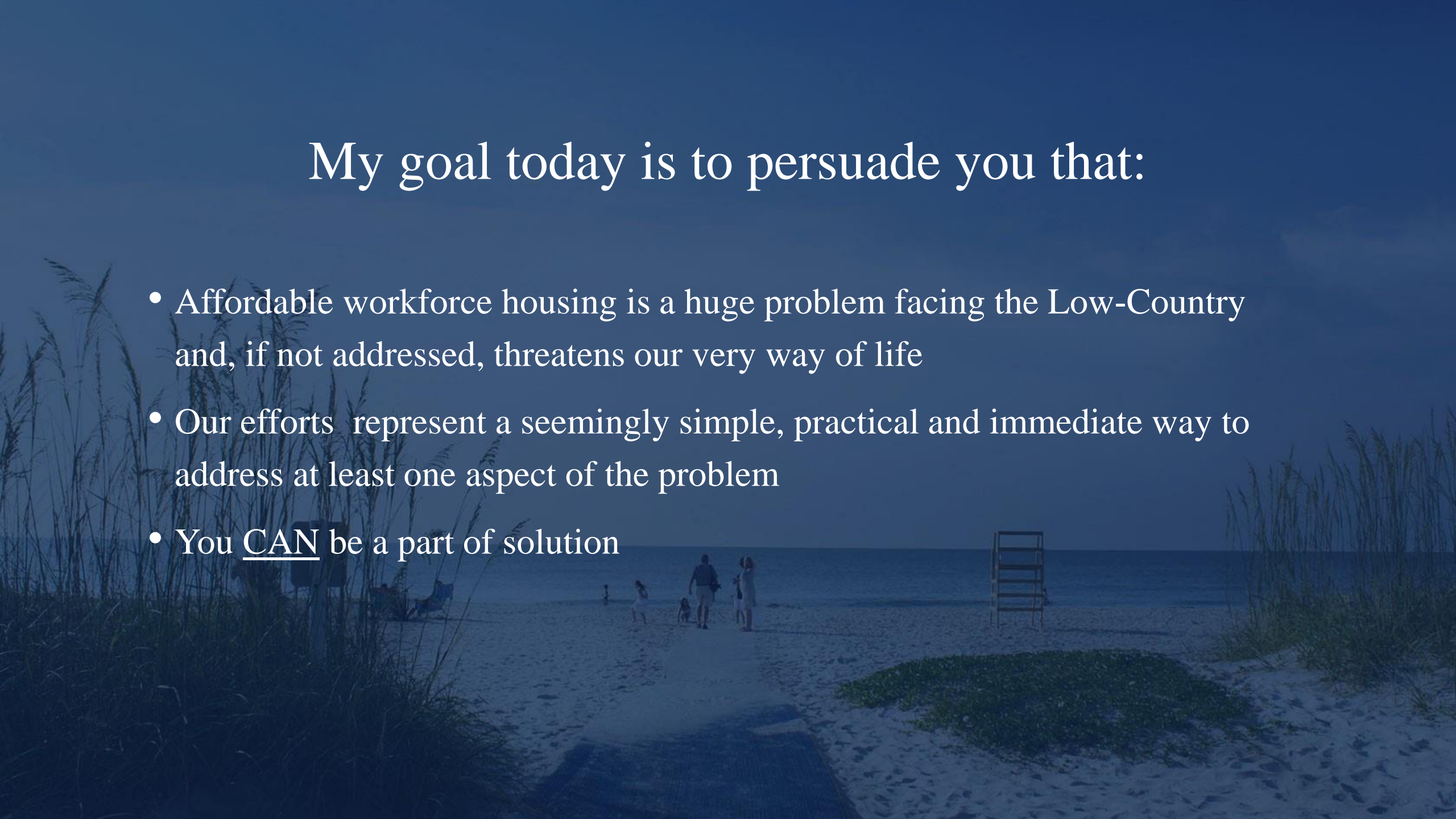




My goal today is to persuade you that:

- Affordable workforce housing is a huge problem facing the Low-Country and, if not addressed, threatens our very way of life
- Our efforts represent a seemingly simple, practical and immediate way to address at least one aspect of the problem
- You CAN be a part of solution



CONDÉ NAST

Hilton Head Island has been chosen as the No. 1 island in the U.S. for the 6th consecutive year



Property values have nearly DOUBLED over the last 3 years

Average sales price for single family home in Hilton Head





Rents on the island have more than doubled in many cases

3 BR \$3,700



2 BR \$2,125



3 BR \$3,600



Area Median Incomes are up only about 10% since 2019

Area Median Income household size



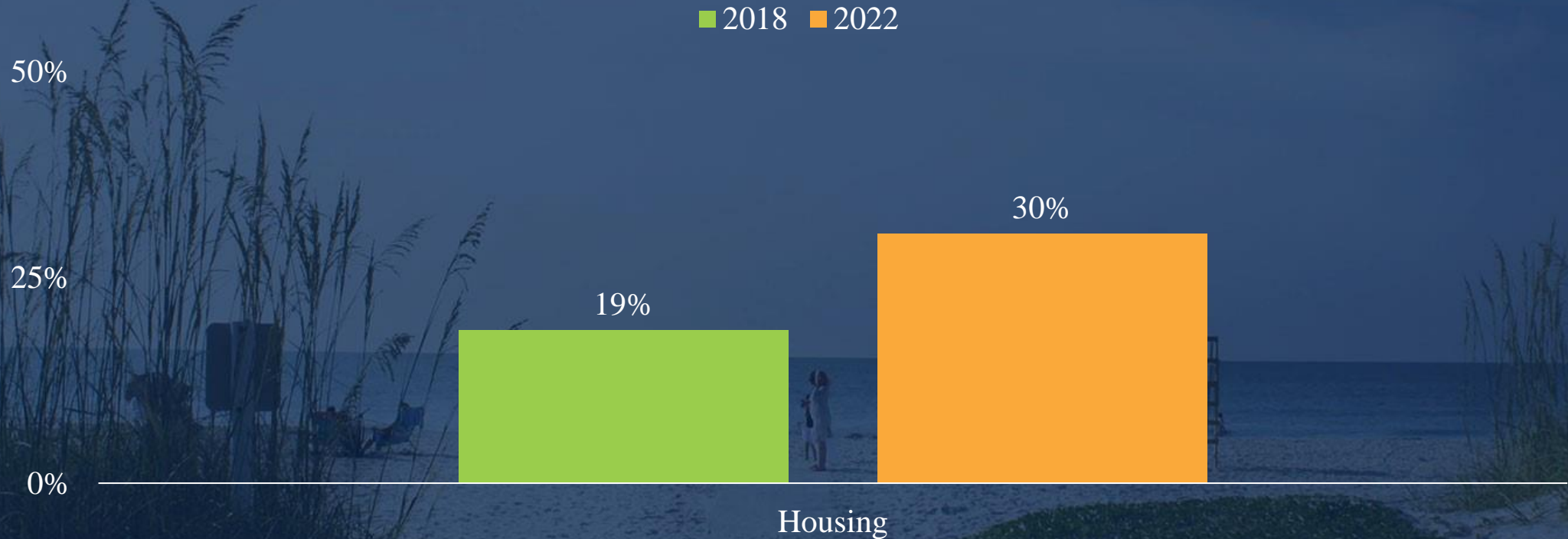
Town of Bluffton data - 2023



With rents soaring our workers have moved off the island
This costs \$30 a day and takes 2-3 hours a day



The workforce housing issue is the most serious concern of Hilton Head voters



* Source Directions Research survey of Hilton Head voters fall 2018 and 2022. Respondent were shown an exhaustive list of potential concerns. Housing was the most important last fall.

**HELP
WANTED**



**SEEKING
TEMPORARY
WORKERS**

Pay Rate: \$18.00/hour

King Soopers is accepting applications for temporary workers as a precautionary measure due to a potential labor dispute with UFCW-Local 7

Please ask to speak to the Hiring Manager. Open interviews are available everyday from 12-4pm. Scan our QR code to apply.



Apply for "Temporary Cl..."

Please bring unexpired documents that show you are eligible to work in the United States. An Equal Opportunity Employer.

**NOW
HIRING**



**NOW
HIRING**

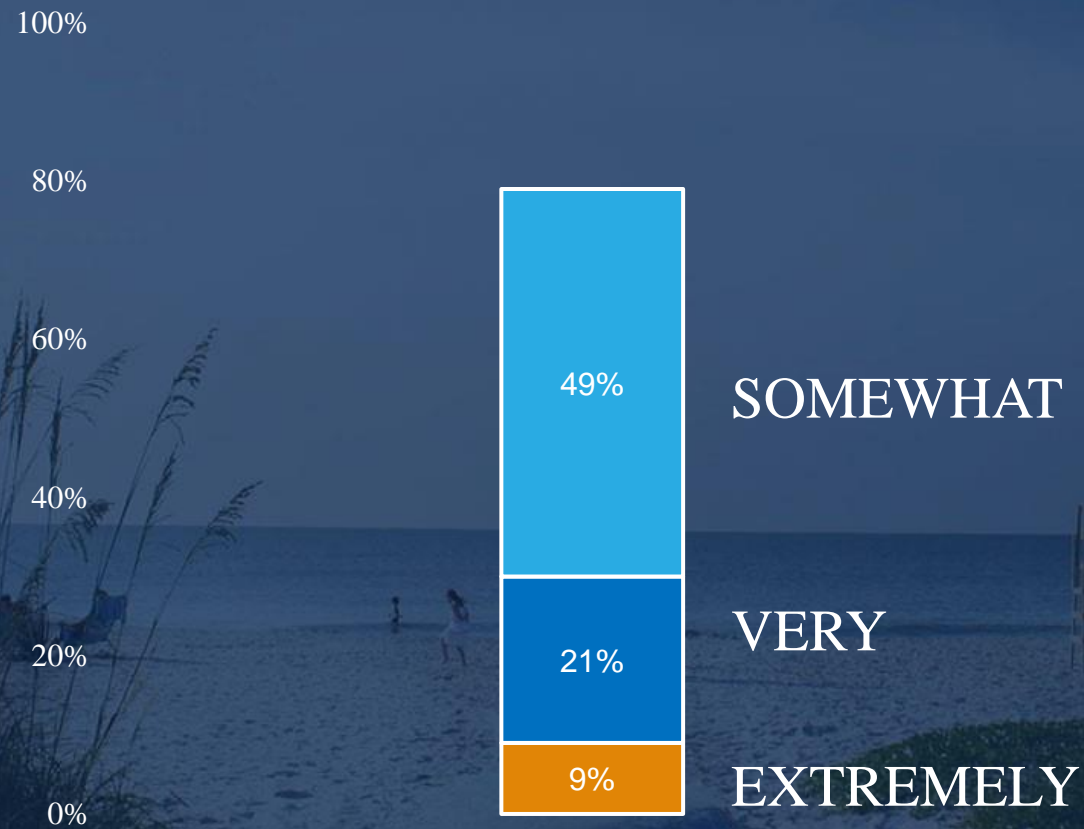
**APPLY
HERE**

**HELP
WANTED**

HELP WANTED

**PART OR FULL TIME (40+ Hrs)
or APPLY INSIDE
JOIN OUR TEAM NOW!**

Nearly 80% of Hilton Head consumers have been inconvenienced by worker shortages recently

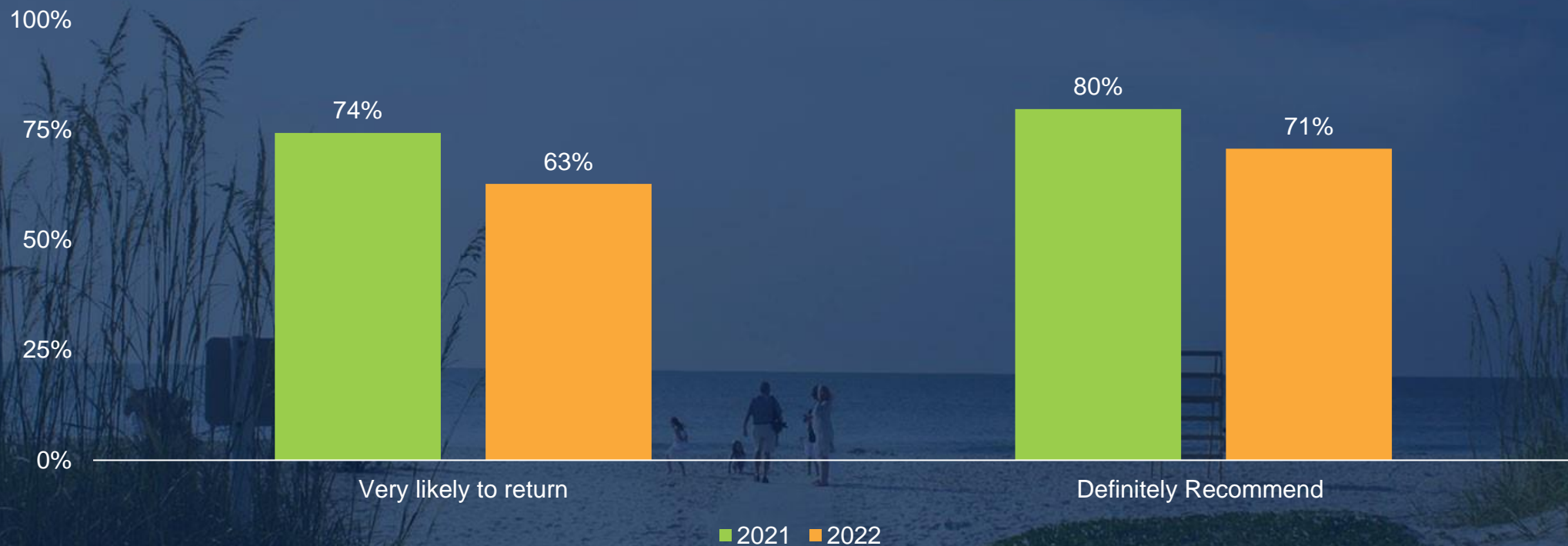


* Source Directions Research survey of 205 Hilton Head voters fall 2022

What about our all important vacationers?



Survey of vacationers (the people who will buy our homes) attitudes about HHI



Source : Hilton Head Chamber annual survey of visitors

What can we do about it?



coastal
community
development
corporation

Strong Leadership of community volunteers

- Board Chairman: Alan Wolf - President, SERG Restaurant Group
- Dave Wetmore – Retired Investment Banker, Venture Capitalist, Public Co CEO & CPA
- Kim Likins – Director, Boys & Girls Club of Hilton Head Island
- Ken Campbell – Entrepreneur, Founder Planned Development Co.
- Geoff Block – Entrepreneur, Manager RLB Squared Development
- Tony Alfieri – Retired RBC Managing Director of LIHTC

Beaufort County – “..we need nearly 1,000 additional affordable rental properties by 2027”

Beaufort County, South Carolina Housing Needs Assessment

FINAL

Prepared For:
Beaufort County Purchasing Department
106 Industrial Village Road, Building #2
Beaufort, SC 29906-4291

Prepared By:
Bowen National Research
Author: Patrick M. Bowen, President
155 E. Columbus Street, Ste. 220
Pickerington, Ohio 43147
(614) 833-9300
patrickb@bowennational.com

Effective Date:
April 6, 2018
Revised: May 24, 2018

Job Reference Number:
17-448

Households by Tenure

Area	Owner-Occupied (%)	Renter-Occupied (%)
Beaufort	43.2%	56.8%
Bluffton	54.3%	45.7%
Hilton Head	74.2%	25.8%
Port Royal	71.7%	28.3%
North	49.7%	50.3%
South	43.6%	56.4%
Islands	21.7%	78.3%
Islands	21.9%	78.1%

by Income

Renter households by income within the Unincorporated Islands as among those households earning less than \$15,000 (23.9%) and \$74,999 (20.5%). The greatest renter household growth between projected to occur among the highest income households, with between \$100,000 and \$149,999 projected to grow by 254 (218.9%) and households earning \$150,000 or more projected to grow by 163 (215.1%).

to illustrate the distribution of household income by tenure in the Islands Submarket for 2017 and 2022.

IX-79 Bowen National Research

The following graph compares senior (age 55+) owner household income shares for 2017.

Thematic Maps

Demographic thematic maps for the study areas are presented after the following: Household Income, Household Share, Adult Population Share (55+ years) or Adult Population Share (20 to 34 years), and Population Density.

IX-38 Bowen National Research

Rental Housing - Long-Term (10 Years)

Household Income Range	2017-2027 Rental Demand Potential by Income Level & Rent Affordability			
	\$52K-\$58K	\$59K-\$65K	\$66K-\$72K	\$73K-\$79K
< \$50K	5874	51474	81,478	32,099
\$50K-\$58K	-39	-217	-137	-23
\$59K-\$65K	14	1	12	10
\$66K-\$72K	27	1	11	11
\$73K-\$79K	15	0	6	6
Total	5874	51474	81,478	32,099

Household Income Range	2022 For-Sale Housing Demand by Income Level & Price Point			
	\$100,000-\$199,999	\$200,000-\$299,999	\$300,000-\$399,999	\$400,000+
2022 For-Sale Housing Demand	251	157	-184	-184
Total	251	157	-184	-184
Household Income	22	43	463	463
Household Share	67	47	78	65
Adult Population Share (55+ years)	56	39	65	65
Adult Population Share (20 to 34 years)	387	158	-504	-504
Total	0	0	0	0
Support for New Units	387	0	0	0

Household Income Range	2027 For-Sale Housing Demand by Income Level & Price Point			
	\$100,000-\$199,999	\$200,000-\$299,999	\$300,000-\$399,999	\$400,000+
2027 For-Sale Housing Demand	502	314	-368	-368
Total	502	314	-368	-368
Household Income	28	50	454	454
Household Share	115	95	157	157
Adult Population Share (55+ years)	111	78	129	129
Adult Population Share (20 to 34 years)	78	0	0	0
Total	84	418	-458	-458
Support for New Units	0	0	0	0
Support for New Units	84	418	0	0

There is a short-term (five-year) housing gap for approximately 760 for-sale housing units. While there is a modest short-term rental demand serving very low-income rental households earning below \$15,000, the rental gap is for product priced at \$2,100 or higher. With a long and available for-sale product priced at or above \$200,000, the for-sale housing gap exists for product priced below \$200,000. While it is needed and can be supported will ultimately be contingent upon the unit mix, features, amenities and other design estimates should serve to provide guidance on housing priorities.

IX-86 Bowen National Research

While Beaufort County offers a large number of jobs throughout the area, the Town of Hilton Head Island and the City of Beaufort appear to offer the concentration of jobs. While most workers in Beaufort County have to work less than 10 miles, nearly half (48.6%) have drive times more than 50 miles. In fact, nearly 10,000 people commute more than 50 miles each day, representing 17.0% of the commuters. As shown in the table below, many workers commuting outside of Beaufort County are traveling to the Charleston or Savannah areas.

Jobs by Distance	Count	Share
Total All Areas	22,477	100.0%
Less than 10 miles	22,477	100.0%
10 to 20 miles	14,006	62.4%
20 to 30 miles	3,806	16.9%
30 to 40 miles	892	3.9%
40 to 50 miles	892	3.9%

VII-8 Bowen National Research

Bowen National Research
www.bowennational.com

ccdc coastal community development corporation



THE OVERALL PLAN





THE OVERALL PLAN

Legal Structure





THE OVERALL PLAN

Legal Structure



Raise Funds





THE OVERALL PLAN

Legal Structure



Raise Funds



Acquire Property





THE OVERALL PLAN

Legal Structure



Raise Funds



Acquire Property



Identify Renters





THE OVERALL PLAN

Legal Structure



Raise Funds



Acquire Property



Identify Renters



Operate Efficiently



Legal Structure

- Non Profit 501c3
 - Allows donation to be tax deductible
 - Community centric not shareholder driven
 - Reduction of real estate taxes



Raise Money

- Initial capital of \$225,000
 - \$100,000 grant from the Community Foundation of the Low Country
 - \$125,000 individual contributors
- Informal pledges by Long Cove and Palmetto Dunes members to raise \$1,000,000 each



Socially Rewarding Investment by Residents

- Notes available in \$25,000 increments
- Expected return (paid annually) is 3%
- Additional 2% return will be paid if property values exceed historical averages

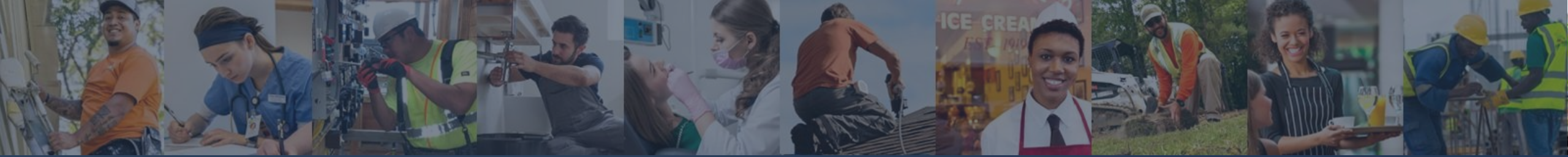


Purchase Properties

- Identify, inspect and negotiate the purchase of housing units between \$200,000 and \$300,000
 - Last year 600 housing units sold in HHI for under \$300,000
- Close on units that require minimal remodeling

Our needs span a wide array of jobs





Select Participants

- Highest priority to applicants who work near the properties
- Employers who support the program will have “measured priority”
- Match qualified individuals to available properties

Operational Efficiencies

Operational Efficiencies

No income tax

Operational Efficiencies

No income tax

Partial/full relief from
property taxes

Operational Efficiencies

No income tax

Partial/full relief from
property taxes

Reduced Property
Management Fees

Operational Efficiencies

No income tax

Partial/full relief from
property taxes

Reduced Property
Management Fees

Reduced commissions on
Real Estate transactions

Operational Efficiencies

No income tax

Partial/full relief from
property taxes

Reduced Property
Management Fees

Reduced commissions on
Real Estate transactions

Pro Bono Legal Services

Operational Efficiencies

No income tax

Partial/full relief from
property taxes

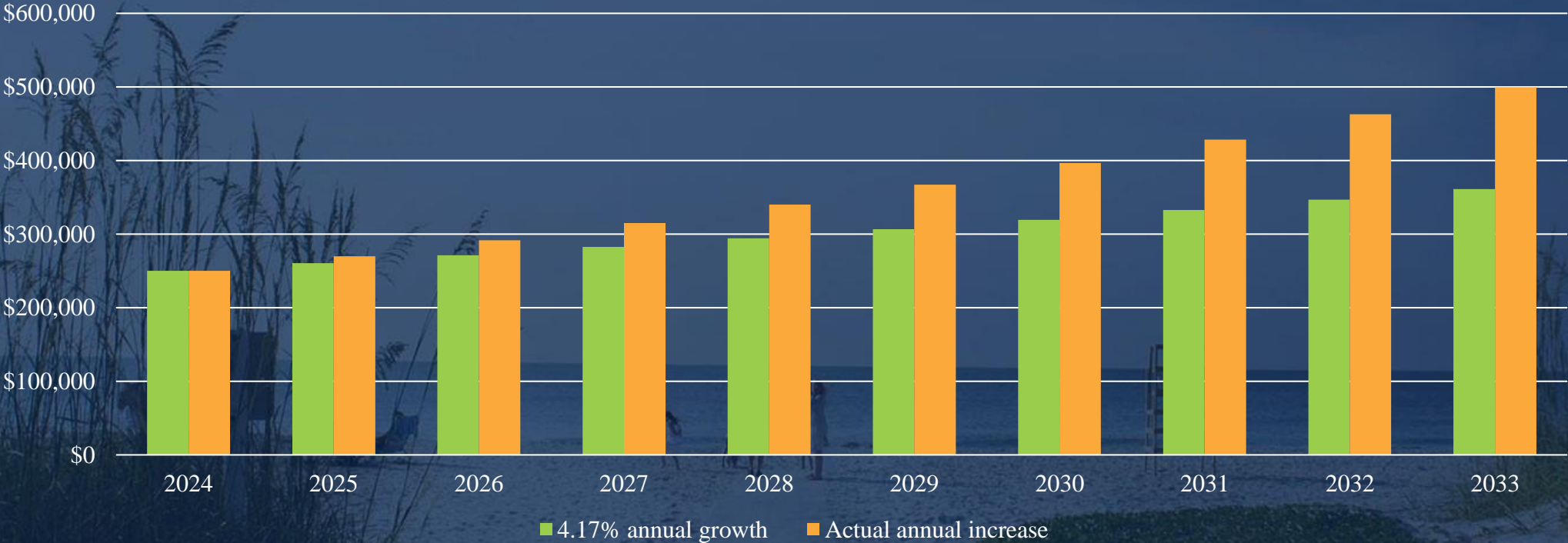
Reduced Property
Management Fees

Reduced commissions on
Real Estate transactions

Pro Bono Legal Services

Service Provider
Concessions

If the growth in property values in the market is greater than 4.17% the gap shown below will provide capital to reward investors and will assist in funding the purchase of units by renters



The deal

- CCDC will own and manage all properties
- All will be deed restricted for 99 years
- Our tenants will be assisted and encouraged to purchase the properties

Our lifestyle is hanging in the balance



Our lifestyle is hanging in the balance YOU can help

- through tax deductible donations
- investing in notes payable (which offer reasonable returns with the potential for more)
- putting your money to work on our biggest problem!



Phase 1 Hilton Head 13 Unit Model

				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cash Receipts														
	Gross Rent	Increase	4.17%	\$ 240,853	\$ 282,259	\$ 294,029	\$ 306,290	\$ 319,063	\$ 332,367	\$ 346,227	\$ 360,665	\$ 375,705	\$ 391,371	
	Interest on Available Cash		2.00%	\$ -	\$ -	\$ 142	\$ 200	\$ 168	\$ 223	\$ 368	\$ 608	\$ 947	\$ 1,390	
Total Cash Receipts				\$ 240,853	\$ 282,259	\$ 294,171	\$ 306,490	\$ 319,231	\$ 332,590	\$ 346,595	\$ 361,273	\$ 376,652	\$ 392,762	
Cash Disbursements for Expenses														
	MGT Fee	Fixed	10.00%	\$ 24,085	\$ 28,226	\$ 29,403	\$ 30,629	\$ 31,906	\$ 33,237	\$ 34,623	\$ 36,066	\$ 37,570	\$ 39,137	
	CCDC Admin Fee	Fixed	2.00%	\$ 4,817	\$ 5,645	\$ 5,881	\$ 6,126	\$ 6,381	\$ 6,647	\$ 6,925	\$ 7,213	\$ 7,514	\$ 7,827	
	Repairs & Maintenance	Fixed	12.00%	\$ 7,226	\$ 16,936	\$ 26,463	\$ 36,755	\$ 38,288	\$ 39,884	\$ 41,547	\$ 43,280	\$ 45,085	\$ 46,965	
	(Y1@3%, Y2@6%, Y3@9%, Y4-Y10@12%)													
	Owners Insurance Units	Increase	7.50%	\$ 8,436	\$ 9,069	\$ 9,749	\$ 10,480	\$ 11,266	\$ 12,111	\$ 13,019	\$ 13,996	\$ 15,045	\$ 16,174	
	Regime	Increase	5.00%	\$ 78,732	\$ 82,669	\$ 86,802	\$ 91,142	\$ 95,699	\$ 100,484	\$ 105,508	\$ 110,784	\$ 116,323	\$ 122,139	
	Principal & Interest Payment	Rate	6.00%	\$ 99,451	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205	\$ 115,205
Total Cash Disbursements for Expenses				\$ 222,747	\$ 257,749	\$ 273,502	\$ 290,336	\$ 298,745	\$ 307,568	\$ 316,827	\$ 326,544	\$ 336,742	\$ 347,447	
Cash Flow				\$ 18,106	\$ 24,511	\$ 20,670	\$ 16,154	\$ 20,486	\$ 25,022	\$ 29,768	\$ 34,729	\$ 39,910	\$ 45,315	\$ 274,669
Return to Investors (Annual Distribution at Year End)			3.00%	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 17,760	\$ 177,600
Net Available Cash After Return to Investors				\$ 346	\$ 7,096	\$ 10,006	\$ 8,400	\$ 11,126	\$ 18,388	\$ 30,396	\$ 47,365	\$ 69,514	\$ 97,069	
Principal Paydown				\$ 26,918	\$ 28,263	\$ 29,677	\$ 31,160	\$ 32,719	\$ 34,354	\$ 36,072	\$ 37,876	\$ 39,770	\$ 41,758	\$ 338,567
Annual Net Investment Equity			Fix to Y1	\$ 27,263	\$ 35,360	\$ 50,346	\$ 47,314	\$ 53,204	\$ 59,376	\$ 65,840	\$ 72,605	\$ 79,679	\$ 87,073	
Compound Net Investment Equity				\$ 27,263	\$ 62,623	\$ 112,970	\$ 160,284	\$ 213,488	\$ 272,865	\$ 338,705	\$ 411,310	\$ 490,989	\$ 578,062	\$ 578,062
Housing Unit Appreciation		20 yr avg	4.17%	\$ 124,292	\$ 129,475	\$ 134,874	\$ 140,498	\$ 146,357	\$ 152,460	\$ 158,818	\$ 165,441	\$ 172,339	\$ 179,526	\$ 1,504,081

Phase 1 HHI 13 Unit Model

Phase 1 HHI 13 Unit Model

Source of Funds			
	Town of Hilton Head	\$	600,000
	Investors (CFL)	\$	592,000
	Bank Loan	\$	<u>1,788,375</u>
	Total	\$	2,980,375
Recapitalization Table at End of Year 10	Original Loan	\$	1,788,375
	Plus:		
	Principal Return to Investor	\$	600,000
	Appreciation Return to Investor	\$	131,397
	Less:		
	Principal Paydown	\$	(338,567)
	Available Cash	\$	<u>(97,069)</u>
	New Loan for Years 11-20	\$	2,084,135
	Max Loan Amount End of Year 10 that Year 11 Can Find & Maintain Positive Cash Flow (Maintaining Working Capital Minimum of \$20K in Year 11)	\$	2,200,000