



## **AFFORDABLE HOUSING TASK FORCE**

### **GROUP 1 -- ACCELERATION OF REGULATORY AND PERMITTING PROCESSES AND OTHER INCENTIVES TO DEVELOP AFFORDABLE HOUSING**

*The two-tier system of state and county land use approvals is often cited as a major barrier to the development of affordable housing. Developers of large residential projects may take 7-10 years to complete the entitlement process. Group 1's mission was to identify ways to compress and streamline the land use entitlement and permitting process, as well as identify other workable incentives to stimulate affordable housing production.*

#### Top Priorities:

##### Short-term

- Make government land available for affordable housing development.
- Expedite the plan approval process, which currently takes over a year to complete. Counties are currently understaffed. Consider outsourcing these functions with County oversight in place and without compromising health, safety, and other Building Code requirements.
- Increase the conveyance tax and the percentage of that tax that is dedicated to affordable housing.

##### Long-term

- Eliminate duplicative reviews by the State Land Use Commission and County zoning authorities.

#### Other Recommendations:

The remainder of Group 1's recommendations is grouped by subject matter. Individual recommendations are listed in descending order of priority, with the first having a higher priority, as determined by a poll of the group participants.

Elimination of duplicative governmental reviews and requirements:

- Adopt consistent statewide definitions of zoning terms. "Conservation" may have the same meaning as "open space" on another island. Agriculture is another area in which consistency between the State and County definitions would be welcome, within a particular regime.
- Eliminate subdivision registration process at the State level. It is redundant.
- Create a single point of contact or a clearinghouse for housing development.
- Consider creating a single point of entry for environmental reviews. Housing projects with State, County, and Federal components have many different environmental requirements. It is difficult to find the path that addresses them all.

Streamline and improve governmental review processes:

- Reinstate Act 15-type superpowers, which expired in 1993, to allow HCDCH to expedite projects more quickly than the Chapter 201G processes.
- If government establishes building affordable housing as a priority and communicates this through its system to the appropriate entities, significant gains could be achieved.
- Make the State Department of Transportation answer their phone. The lack of responsiveness holds up projects.
- Streamline Chapter 201G, HRS and note the availability of waivers. County councils have 45 days for approval and County agencies have 30 days to review. The agencies are sometimes slow and exceed the 30 day period.
- During the plan review and permitting process, the County should resist the temptation to second-guess the developers' engineers, whose education and training may reflect more current practices.
- Governments often require private developers to develop infrastructure that is oversized (e.g. extra large water lines) to address anticipated future needs that have been projected inaccurately. Planning should address current and reasonably foreseeable needs, not require provisions to accommodate needs too far in the future.
- Require that when conditions are set by Code, regulatory agencies cannot amend requirements. Confine these to a single area.
- Chapter 201G, HRS can be used without resulting in substandard housing.\*

Secure resources to develop affordable housing:

- Increase funding of federal Section 8 housing. Create incentives for private developers to develop Section 8 inventory. Project-basing Section 8 vouchers could significantly increase the number of affordable units, with the assistance of HUD.
- Reconsider what costs should be borne by whom. Private developers are currently expected to assume responsibility for infrastructure costs.
- Get government to pay for their own requirements.
- Government should provide subsidies from the general fund rather than target specific groups like new development or new housing sales.
- Place a surcharge on the conveyance tax for "investor" purchasers (not owner-occupant/speculative). Dedicate resources generated to an affordable housing fund.
- Graduated conveyance tax scale based on the amount of the sale.

Update building codes and other rules and regulations:

- The Building Code should be reviewed and updated. Counties should reconsider and reevaluate the Code to identify opportunities to streamline based on Mainland models and alternative building materials, etc. Counties should determine what is mandatory and what is discretionary, and reduce requirements on discretionary matters.
- Review and consider amending subdivision rules and requirements such as parking, sidewalks, road width, and the number of utility outlets.
- Consider adoption of the International Residential Building Code for building, electrical, and plumbing. This is specific to residential developments. Develop teams of trained inspectors to perform inspections in the three areas.
- Rules required of government-as-developer and those required by private sector developers are different. Government is required to deal with environmental assessments and other requirements that the private sector is not required to do. The playing field should be leveled.
- International Code Council/National Fire Protection Association fire regulations differ. Consider adopting a "family of codes."

- Consider developing a "rural code."
- Make sure that as waivers from development standards/requirements are considered that substandard housing is not being created. Affordable housing should look like market housing.\*

Address the high cost of insurance:

- Builders' general liability insurance is expensive. Create a captive insurance program to help cover designers and consultants, etc. A participant gave an example of an instance where construction insurance increased by 300%.
- Create an insurance program that covers probable costs, "things that could happen during construction." The current cost to avoid liability may be more expensive than having insurance. Hydrant spacing was cited as an example.

Provide development incentives:

- The Hawaii Community Development Authority (HCDA) has a requirement to develop "reserved (affordable) housing" targeted for specific income groups (e.g. gap groups) for residential development in the Kaka'ako district. Costs actually become disincentives for development. Government should figure out how to turn this into an incentive by considering looking at density bonuses, cluster zoning, etc.
- Consider, as a longer term strategy, waiving water and sewer connection fees to significantly reduce the cost per unit. This could save about \$10,000 to \$15,000 in fees.
- Incentives to increase rental housing versus for sale housing. "Affordable" means different things for each. What would increase incentives? Density bonuses, more tax credits.

The proper role of government:

- Government should build affordable rentals and acquire buildings that have been Section 8 before they are snapped up in the open market by those who will convert them into condos.
- Government should facilitate housing development, as the City and County of Honolulu's Department of Housing has done. Turn to private developers with additional incentives, and increase the efficiency of the process.
- The public sector should stimulate development in the private sector.

- The private sector can do public-private partnerships, such as the Ford Island housing project.

Other recommendations:

- Build cooperatives rather than condos for long-term affordability.
- Community land trusts should be considered as an affordable housing option.\*
- Limited equity co-operatives should be considered as an affordable housing option.\*

*\* These recommendations were made at the plenary session, not during the working group session.*