

## **AFFORDABLE HOUSING TASK FORCE**

### **RECOMMENDATIONS OF GROUP 2 – INFRASTRUCTURE ISSUES**

*The lack of major off-site infrastructure, such as water, sewer, roadway and drainage systems, is another barrier to the development of affordable housing. In the past, the federal government funded infrastructure development. Currently, housing developers are required to install infrastructure, the cost of which is passed on to housing consumers. The Infrastructure Working Group identified ways to address this issue including financing schemes for infrastructure development.*

Group 2 first took the time to define the issue and the criteria of what infrastructure really meant, who really pays for it, and the differences that exist regionally, island-by-island, and county-by-county.

#### Top Priorities:

##### Short-term

- Increase the political will to support efforts.
- Use State land for long-term leases for housing, or as collateral.
- Use creative public/private financing for infrastructure.

##### Long-term

- Coordinated, integrated long-term development plans should guide use of Capital Improvement Project (CIP) funds.
  - CIP used to be about forward planning for infrastructure and development and led development vs. following it or playing catch-up. CIP should be used for planned development, and development should be largely according to those plans

#### Other Recommendations:

- Return to government development of infrastructure.
  - Observation: State has no cash; so where else, what other financing sources are there?
- Look at impact fees on a local/regional level
- Offer tax credits

- Creative public/private financing for infrastructure construction (such as tax credits, tax exempt bond financing, improvement districts, Mellos/Roos or community facilities districts, etc.).
- Consider putting state land up as collateral
- Cost of affordable housing is also a product of “volume” -- the number of units being developed.
- The big question is “who really pays” for infrastructure.
- Fed/State subsidy still means that the tax-payer is subsidizing the cost
  - Whether it is subsidy, incentive, or tax increase.
- Tax payers would not mind paying more if they knew they were getting value for their increased tax.
- General observations: regardless of market or rental housing, the cost of infrastructure is generally the same, but is influenced by other factors that impact perceived or actual quality.
- Quality of life and other conditions should not be sacrificed in the process of reducing cost of infrastructure.
- CIP in contemporary model is really a “catch-up” and should be put back on the front end.
- There are limited highway and school funds – there should be planning as to where the growth in the affordable market is best placed before those resources are committed.\*
- Transportation costs have a major impact on affordability. Affordable housing should be placed where public transportation is accessible and where jobs are located, to avoid huge commuting expenses for residents.\*

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