Using Policy to Stimulate Affordable Housing Production

Neighbors in Paradise
Hawai‘i Congress of Planning Officials
2017 O‘ahu Conference
Kanani Fu, Housing Director
Kaua‘i County Housing Agency
September 22, 2017
Kauaʻi’s Housing Needs by 2025
HAWAIʻI HOUSING PLANNING STUDY 2016

• 5,287 new units, or ~580 units/year.
• 3,926, or 75%, are needed to supply low and very low income families earning less than 80% of Kauaʻi’s Area Median.
• To meet this need, we must build 300 units/year.

Contributing Factors
• Limited land
• Market demand
• Isolation
• Regulatory barriers
Multi-Prong Approach to Affordable Housing

Partnerships

Leveraging

Opportunities

Policy
## Define Your Role and Exploit Your Strengths

<table>
<thead>
<tr>
<th>County of Kaua‘i</th>
<th>Developer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Role:</strong></td>
<td><strong>Role:</strong></td>
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<tr>
<td>• Navigator to reduce time</td>
<td>• Assemble the development team</td>
</tr>
<tr>
<td>• Assume responsibilities that minimize risks</td>
<td>• Secure financing</td>
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<tr>
<td>• Identify opportunities to lower costs</td>
<td>• Deliver and operate the project</td>
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<tr>
<td><strong>Strengths:</strong></td>
<td><strong>Strengths:</strong></td>
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<tr>
<td>• Leverage funding</td>
<td>• EXPERIENCE</td>
</tr>
<tr>
<td>• Community engagement</td>
<td>• Accelerated delivery</td>
</tr>
<tr>
<td>• Government engagement</td>
<td>• Competitive pricing and negotiating</td>
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</tbody>
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What Does Good Policy Take?

Leadership

Legislative Support

Dedicated Staff to Implement
Ordinance No. 860, Housing Policy Effective 2008

Applicability

- Resultant overall project density would allow at least 10 dwelling units or 20 hotel rooms:
  - New zoning amendments into Residential, Resort or Open, Project District, or VDA or
  - Land Use District Boundary Amendments involving lands less than 15 acres
- Approvals granted by the County Administration where the resultant overall project density would allow more than 10 dwelling units or time shares or more than 20 hotel units:
  - Subdivision or consolidation of land, zoning, and building permits for residential development or
  - Zoning or building permits for the development or redevelopment of land or buildings on a lot of record in any Residential, Resort, or Commercial District

Requirements

- Residential developments: 30% workforce housing requirement assessed
- Resort development: Impact analysis done by an economist

Satisfaction

- For sale units (20 year restriction period) or rental units (40 year affordability period)
- Land dedication
- In-lieu fees (currently ~$145,00 per unit)
Housing Policy Results

- 27 applicable applications received
  - 9 Housing Agreements
    - 7 density restriction agreements
    - 1 paid in-lieu fees
    - 1 resort (30 units, pending)
  - 5 applicants withdrew
  - Remaining applicants pending Housing Agreements
## 3 Year Look Back at Policy Results

<table>
<thead>
<tr>
<th></th>
<th># of Units Generated/Affected</th>
<th>Cost/Time Savings</th>
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</thead>
<tbody>
<tr>
<td>Ordinance 860, Housing Policy</td>
<td>0 (30 pending), $1.8M in fees</td>
<td>-</td>
</tr>
<tr>
<td>Fast Track Permitting</td>
<td>375 (4 projects)</td>
<td>-</td>
</tr>
<tr>
<td>201H-36 (GE tax Exemption)</td>
<td>241 completed</td>
<td>$2.54 M</td>
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<tr>
<td></td>
<td>134 pending (Koa’e)</td>
<td>$1.91 M</td>
</tr>
<tr>
<td></td>
<td>149 pending (Lima Ola Phase 1)</td>
<td>$146 K (to date)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$791K (infrastructure only)</td>
</tr>
<tr>
<td>201H-38 (Exemptions)</td>
<td>550 pending</td>
<td>MILIONS $$$$$, YEARS,</td>
</tr>
<tr>
<td>County Fees Exemption</td>
<td>241</td>
<td>-</td>
</tr>
<tr>
<td>County Affordable Housing Task Force</td>
<td>8 projects</td>
<td>-</td>
</tr>
<tr>
<td>Dept. of Water FRC</td>
<td>Effective 09/09/17</td>
<td>$4,940 per meter</td>
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<tr>
<td></td>
<td></td>
<td>Single family: $9,175</td>
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<tr>
<td></td>
<td></td>
<td>Multi family: $4,940</td>
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</table>
Opportunities to Improve

• Amend Housing Policy
  • Conduct Nexus study
  • Create incentives to develop affordable housing
• Work with permitting departments and be included in the discussion:
  • Planning-General Plan update, Community plans
  • Permitting Agencies (State & County)-amend administrative rules and find areas where exemptions can apply
• Create or amend Policy to provide support of affordable housing development.
• Other suggestions?
Koaʻe Workforce Housing

- 134 units developed by Mark Development, Inc.
- Commence in 2018 with projected completion in 2019
- Projected Costs:
  $3.6 MM (public) + $45.1 MM (private) = $48.7 MM TOTAL
- Results: 3 years, 7% public funding, and 93% private funding
• 4 phased development
• 550 units

Timeline:
• November 2018: Complete design and secure financing
• March 2019: Commence Infrastructure development
• January 2020: Commence vertical construction
Transit-Oriented Development
Pua Loke Affordable Housing Development

- Hawai‘i Interagency Council for Transit-Oriented Development: Unified State strategy for TOD investments to capitalize on public lands near transit

- 1.4 acres of County owned land

- Appropriate infrastructure for up 60 units

- Includes units designated for permanent housing

- October-November: Issue RFP and select developer
MAHALO

Kaua‘i County Housing Agency

808-241-4444

http://www.kauai.gov/Housing